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THE BSE RISK

True-blue yeomen united in their resolve to quell the 'urban panic'

With two more statements due on BSE and cows, some Tories entered the Commons contemplating the worst. Before their minds' eyes floated visions of those terrible bonfires, fed by the blackened, bloated carcasses of dumb animals. How many would be slaughtered – all of them? Or just those with majorities under 10,000?

Their morale was lifted by the first statement, from Stephen Dorrell, Secretary of State for Health. In an age when scientists themselves are increasingly reticent to claim too much



DAVID AARONOVITCH

Mr Dorrell is unfashionably convinced of their infallibility. Having met all weekend the Advisory Council (consisting of large numbers of -ologists, -ionists and common or garden

-ists) had decided that there was no more risk to children from beef than there was to adults. So there we were. Science had spoken. All that remained was to allocate more money for more science.

Harriet Harman's role, by contrast, was that of champion of the consumer, and she played it perfectly. Her voice took on the querulous timbre of the pushy customer returning shoddy goods to a sleepy shop assistant. Why hadn't this been done? And what about that? Call this a government. She

certainly wouldn't be shopping here again, and nor would any of her friends.

Throughout her speech Tory backbenchers showed her the traditional courtesies displayed by Englishmen of a certain age to women who argue with them. "Stupid cow", shouted Tony Marlow (Northampton N), as Graham Riddick (Colne Valley) and others guffawed assent. It was only one of many ruderies, but Hattie ploughed on. Her act may not be pretty, but she certainly has guts.

Up spoke Sir Patrick Cor-

mack (Staffordshire S). Wasn't all this just an example of "urban panic, and a crude attempt to create a steak-rejecting society?" Mr Cormack, who looks as though he has never rejected a steak in his life – or any other foodstuff for that matter – had put his finger on the real divide. The resolute yeomen of the country, red in tooth and claw, versus the effete townies, mincing around supermarkets avoiding mince.

As if to prove him right, Labour's Joe Ashton (urban panic, Bassellaw) asked about pet food. Tories giggled: were Fifi the poodle and Neferiti, the Siamese, at risk? His colleague Angela Eagle (urban panic, Wallasey) claimed that the BSE business had "scared every member of the public".

"I prefer the scientific advice of a former Vice-Chancellor of Oxford University [Professor Southwood] to that of the honourable lady", said Mr Dorrell.

Ah, but don't be holding too much with them scientists, warned Tory Theresa Gorman (resolute yeoman, Billericay), contradicting the Secretary of

State. Eight years ago their pathetic worrying over salmonella "had caused the death of over a million chickens", she said. All that unfulfilled potential, those eggs unlaidd, those ovine novels unwritten. Tears streamed down the sentimental faces of many of those sitting around her.

Sir Anthony Grant (resolute yeoman Cambridgeshire SW), his still-wet moustache bristling, condemned "the hypochondriacal hysteria" of the media. There was in Conservative Britain today, he said, a greater risk of being murdered or win-

ning the lottery than of dying from Creutzfeldt-Jacob Disease. What, everybody needed to be almost added, was a cold shower and a cross-country run. Followed by a good lunch.

His rubicund colleague, Tim You (Suffolk S) agreed. Condemning "hysterical over-reaction", he issued a portentous warning. "If the British beef industry is destroyed voters in those rural constituencies will know who to blame." And all of a sudden the Tories, who had begun to look a little more cheerful, relapsed into gloom.

Relations tense as EU shuts out British beef

KATHERINE BUTLER
Brussels

Britain's European partners yesterday formally closed the door on British beef and imposed an indefinite ban effective throughout the fifteen member states.

The trade boycott, which the EU agriculture commissioner, Franz Fischler, said would extend to exports of British beef and cattle to non-EU countries, was agreed by chief veterinary officers who outvoted Britain by fourteen to one. It will not affect meat on sale in British shops however.

The move confirms decisions by all but two of the EU countries to close their borders to British beef and cattle. It threatens to plunge already tense relations between the UK and its European Union partners into fresh crisis coming just days before a summit of EU leaders in Turin.

Britain's chief vet, Keith Meldrum, who argued vehemently against the ban, emerged from the day-long meeting to accuse his European colleagues of ignoring the advice of scientists.

"The proposal was rushed, unscientific and disproportionate", he said. "I am concerned that not enough time was given to this. The proposal is not properly scientifically based."

Mr Meldrum stressed that neither British nor European scientists had recommended such action. Furious British officials – who described the move as "transhocke, hasty, ill thought out and having no basis in science" – said the ban also extended to cattle semen and embryos which even the European Commission acknowledged harboured no risk.

Other representatives said the atmosphere had been acrimonious. "There was a lot of strong feeling against Britain", said one.

Anger in Brussels at the British government's handling of the crisis erupted into the open earlier. In a letter to the agriculture minister Douglas Hogg, Mr Fischler, accused the government of failing to keep it informed. He suggested that London had triggered a Europe-wide beef collapse which may not have been necessary. If the problem was as serious as it sounded, he wrote, then the

measures announced by London appeared inadequate. If, on the other hand the new evidence added little to the existing body of knowledge on the possible link between BSE and CJD "a more careful reaction would have been preferable".

A spokesman confirmed that no linking of the bombshell had been conveyed to Britain's EU partners on the Commission during a routine meeting of the fifteen agriculture ministers on Monday of last week.

There was a strong feeling, senior officials said, that London was not being as forthcoming with Brussels as it ought particularly in light of the government's demands for substantial sums of aid.

The veterinary officials did not address the question of slaughter and Mr Fischler said any claims for compensation from Brussels would have to be scientifically based. The commissioner suggested that if beef prices fell through the floor in Britain Brussels would open the doors of "intervention", the CAP's system for propping up prices. However, he stressed that only male beef animals are eligible for intervention.



Listen up: Stephen Dorrell, the health minister, whispers to colleague Douglas Hogg at yesterday's BSE press briefing. Photograph: Brian Harris

Markets reports a stampede to avoid beef

At Hereford market, normally bustling on a Monday, the farming industry's worst nightmares were confirmed yesterday. Not a single wholesaler turned up and no cattle were sold.

Most farmers stayed away as well because the auctioneers had warned them of the impending disaster.

Monday is the town's main wholesale market of the week and usually about 200 prime cattle worth £150,000 to £160,000 are sold. Richard Grainger, managing director of the market, said: "It has been a complete disaster. Sellers kept their animals away but we assisted with that because we contacted

the prime buyers who all said they were not attending. We could not find one who was looking to buy any cattle so we told the farmers it was in their best interests to stay away."

The picture was the same elsewhere as the market for British beef collapsed in the wake of the BSE scare. A further blow for farmers came when Wimpy, the fast-food chain, followed McDonald's and took British beef off the menu at its 270 outlets. Shoppers are avoiding beef in any form. Jerry Nathan, a salesman at the gourmet chain

Simply Sausages, said beef sausage sales had fallen by about 60 per cent since the Government's announcement last week that infected beef might be linked to CJD, the human form of BSE. At Smithfield meat market in London prices for hangers, young female cows which are normally the most valuable cattle, were 37 per cent below those paid before the BSE scare began last week. But this estimate was based on a virtually non-existent market.

Traders at Smithfield said prices of imported beef had risen 25 per cent as sales of home-grown beef ground to a virtual halt. Brian Howes, a meat cutter, said: "People are not buying beef for love nor money."

But in contrast wholesale prices of spring lamb increased by up to 50 per cent to 180p per pound. Poultry prices also leapt by 25 per cent to 80p per pound while pork was marked up 10 per cent to 75p per pound.

At the livestock market at Dettling, in Kent, the cattle pens were virtually empty for the auction yesterday. Within two days of the Government's announcement the price of beef

had plummeted by a quarter. At the auction yesterday just two farmers brought in their cattle for sale. Normally there would be 50 to 60.

Wimpy confirmed it was banning British beef from its outlets. Max Wolfenden, managing director, said: "Because of the confusion in the market place with our customers and the serious concerns they have been expressing we are having to move out of British beef for our sources."

"We have no scientific reason to do it. On a personal level I still think British beef is an excellent product, but I'm not giving my view on our customers' decision to ban British beef was

"not justified". He agreed with Paul Tyler, the Liberal Democrat agriculture spokesman, who said it was "absurd" for the burger giants to import beef which was not regulated and inspected to the same high standards as in Britain. MPs were told two cases of BSE had been reported in France.

Pressed on the possibility of slaughtering cattle and paying compensation to farmers, Mr Hogg said the important thing first of all was to try to restore confidence in the market. "What did not happen he anticipated he would have to come to the House with further proposals. "But that is not the position at the moment," he told MPs.

In a separate statement, Douglas Hogg, Minister for Agriculture, said that in the light of Seac's advice, McDonald's

decision to ban British beef was "not justified". He agreed with Paul Tyler, the Liberal Democrat agriculture spokesman, who said it was "absurd" for the burger giants to import beef which was not regulated and inspected to the same high standards as in Britain. MPs were told two cases of BSE had been reported in France.

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French slaughter herd infected by British feed

MARY DEJEVSKY
Paris

A herd of 151 cows in northern Brittany was slaughtered yesterday after one of the herd was diagnosed as suffering from BSE: a second herd similarly affected is due to be slaughtered later this week.

The two cases, identified last month, bring to 16 the number of recorded BSE cases in France since 1989. All the French cases have been in Brittany and are blamed on contaminated feed bought from Britain before 1989, when imports were banned.

French specialists say they expect a few more isolated cases over the next two years, by which time all cows fed with British-produced feed will have been slaughtered. Thereafter, they say, there will be no more cases in France as beef cows rarely have a life expectancy of more than 10 years.

While the official message is one of confidence that French meat is of superior quality to British meat because sanitary controls are stricter and corners are not cut in its production,

French officials, butchers and caterers have none the less gone out of their way yesterday to reassure French consumers.

One of the biggest French caterers, the Générale de Restauration, issued a statement saying that it did not serve British beef in its canteens and restaurants, and supermarket meat counters carried notices saying that all beef was home-produced.

The agriculture minister, Philippe Vasseur, issued an instruction requiring the origins of all cattle and beef in France to be made known at point of sale. But, he said, he wanted to clear any measures with Brussels first.

An eyewitness to the slaughter in Brittany, the local café owner said: "The farmers were honest... perhaps there are people who have sick animals and don't say anything."

French farmers and meat producers have come out in support of a labelling requirement, saying that a similar system they had planned to introduce over the next six months could be implemented within days if necessary. There is considerable

worry among producers in France that the scare in Britain could spread to French consumers. Although France remains the top beef consumer in Europe, consumption has declined by 10 per cent in the past five years, a fall attributed largely to its cost. Sales this weekend were described as "flat".

Meanwhile France continued to apply additional controls at ports to enforce its ban on British beef imports. A lorry carrying 18 tons of frozen beef liver destined for a Belgian company was turned back at Calais in the early hours of yesterday morning. Officials said that it was only the latest of many to be refused entry. They said they had also discovered consignments of beef concealed in lorries carrying predominantly lamb or veal.

Young Farmers' organisations in northern France say their members are acting as "detectives" in trying to track meat from Britain that might be arriving in France illegally. They are also visiting supermarkets to check on the origin of beef on sale.

Harman attacks 'deregulation dogma'

STEPHEN GOODWIN
Parliamentary Correspondent

Harriet Harman yesterday raised the political temperature over the safety of British beef with a Commons attack in which she blamed the crisis on "deregulation dogma and complacency".

Stephen Dorrell, Secretary of State for Health, accused Ms Harman, his Labour shadow, of "ferreting around for party political advantage", while backbencher Tony Marlow was ordered by the Speaker to withdraw a shout of "stupid cow".

Ms Harman said the Government had dragged its feet throughout the BSE affair, delaying before taking action to

make the disease notifiable, in banning animal protein, in requiring compulsory slaughter and compensation, and in banning bovine offal. "The roots of this crisis lie in the Government's repeated failures to take prompt and effective action to protect our food," she said in response to Mr Dorrell's latest statement on BSE.

"Instead, deregulation dogma fuelled by complacency has caused a nightmare scenario for consumers and farmers alike." In less of an atmosphere of suppressed panic than last week, Mr Dorrell said that according to the Spongiform Encephalopathy Advisory Committee, children were "not likely to be more susceptible

to infection than adults. There was therefore no reason to advise schools to withdraw beef. But Ms Harman said the Government should err on the side of caution on school meals. "Shouldn't I Mr Dorrell say better safe than sorry – at least for the next nine months when we see whether there are any further cases?"

Tory backbenchers charged Labour with "scaresonging" and said the party would be to blame if the British beef industry was destroyed.

Sir Anthony Grant, MP for Cambridgeshire SW, recommended publication of a list, based on statistical evidence, which, he said, would probably show that people had as much

chance of winning the National Lottery – and a greater chance of being murdered – as getting CJD, the human equivalent of mad cow disease.

Mr Dorrell made repeated use of Seac's observation that "no human activity is without some risk". As a parent of a seven-year-old and a three-year-old himself, he understood that the risks associated with parenting were "many and various". He said: "I see absolutely no reason for any responsible citizen not to buy British beef or beef products of any kind in the shops today."

In a separate statement, Douglas Hogg, Minister for Agriculture, said that in the light of Seac's advice, McDonald's

decision to ban British beef was "not justified". He agreed with Paul Tyler, the Liberal Democrat agriculture spokesman, who said it was "absurd" for the burger giants to import beef which was not regulated and inspected to the same high standards as in Britain. MPs were told two cases of BSE had been reported in France.

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"Injudicious! Saying the Chancellor ought to be sacked. That's fairly injudicious I suppose."

"Look, I'm a moderate man, I chose my word 'injudicious' with care, but anyone who says Ken Clarke should be sacked is frankly barking. Now is that better?"

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Female director wins £140,000 in equality case

A former personnel director who lost her job after claiming equal pay with a male colleague has accepted an out-of-court settlement worth £140,000.

Mrs Christine Esplin was dismissed by QS Familywear after returning from holiday last year when the company told her she had lost the trust and confidence of other directors.

She had earlier told the retail clothing firm that she was taking her claim for equal pay with the male merchandise director, to an industrial tribunal.

Mrs Esplin, 48, from Hove in East Sussex, who earned £42,500, has settled her case out of court, with payment of £120,000 and enhanced pension rights of £20,000, one of the highest settlements of its kind. She claimed for lost earnings, pension and other benefits together with compensation for the difference in pay between herself and her male colleague.

The settlement was based on Mrs Esplin's claims that her earnings potential for the next 17 years had been seriously affected by the company's actions. Details of the salary of her male colleague have been

withheld under terms of the settlement.

"I felt very strongly about achieving equal pay because there was a substantial difference in my pay and that of the merchandise director, who joined the board at the same time as I did," Mrs Esplin said.

She added: "I would hope this settlement would deter employers from victimising employees who bring equality claims."

"I am delighted that QS have undertaken to review their payment systems and amend their equal opportunities policy."

Mrs Esplin joined the firm - a clothing retail chain with around 100 stores mainly in the South-east - in 1987 as the company's personnel manager.

In 1993 she was appointed to the board of directors. QS Familywear said it refuted allegations of sexual discrimination and unfair dismissal and had decided to settle to avoid further costs and the use of valuable management time.

Nine out of 10 employees were women and the company's equal pay policy was "fair and attractive".

The Equal Opportunities

Commission, which supported the case, said it was concerned that launching an equal pay claim should not result in an employee being victimised.

Diana Britton, deputy chairwoman of the EOC, said: "This should demonstrate to all employers that sex discrimination does not pay."

"The Commission supported this case as we are concerned that, having reached senior positions, women are not then discriminated against in their pay."

"At present, women directors only receive 72 per cent of male director pay."

The Commission was also concerned that exercising the right to take an equal pay claim should not result in an employee being subjected to victimisation by the employer.

Mrs Esplin's case illustrated how sex discrimination and equal pay legislation could address discriminatory pay and practices at a senior management level.

Until 1993, compensation for claims brought under the Sex Discrimination Act 1975 was capped at £11,000, but claimants can now be compensated to the full extent of their loss.

Historic house auction: Aristocrat jailed for drug possession hopes to raise £1m



Up in smoke: The Marquess of Bristol lights a cigarette in the private wing at Ickworth. Family portraits are on the table. Photographs: Brian Harris

Marquess to sell off family silver

JOHN McKIE

The Marquess of Bristol yesterday announced the sale of paintings and furniture from the east wing of Ickworth House, near Bury St Edmunds, Suffolk, which is expected to fetch up to £1m. The house has been in the marquess's family for more than 400 years.

The grounds and most of Ickworth House already belong to the National Trust and the marquess, 41, who served a 10-month prison sentence for possession of cocaine and heroin in two years ago, no longer wants the financial burden of the 60-room wing.

Lord Bristol's private apartments may also be offered to the Trust. The marquess said yesterday: "There is a great deal of sadness involved. But there would be much more if it meant me staying here another 20 years paying bills and ending up broke. I am at the time of my life where I want to lead a totally financially hassle-free life."

He added that the annual up-



keep of the house was about £350,000 and estimated that he had already spent about £7m of his money on maintenance of the house. When he was sentenced for drug possession, he told the court he had "blown" the same amount in 10 years on his lifestyle. The marquess now intends to spend half the year in the Bahamas and six months on a farmhouse on the Ickworth estate.

Sotheby's, which is running the sale at Ickworth on 11 and 12 June, expects great interest in about 1,000 lots. Classic cars will feature prominently. A 1941 Cadillac Fleetwood and a 1964 Rolls Royce Silver Cloud III - with the registration plate 888NOB - are included, as are two coronation portraits of George III and Queen Char-

lotte, together expected to fetch about £80,000. The sale will also offer 250 paintings, 250 pieces of furniture and works of art, 250 silver and porcelain pieces and 250 household items - including a 1950s fridge. Two years ago, more than 2,000 acres of farm and woodland were put on sale. Lord Bristol was reported to owe £4m to his trustees.



The 1964 Rolls Royce Silver Cloud with its distinctive number plate (above left)

Yesterday Lord Bristol, who has been on a drug rehabilitation programme for the past 18 months, spoke only of the future. "I'm looking forward to a change," he said.

Lottery grant 'intolerable'

The Arts Council's decision to hand over millions of pounds of National Lottery money to the Royal Opera House was attacked as "unlawful and intolerable" in the High Court yesterday.

In the first legal challenge to a lottery pay out, Leolin Price QC said the Arts Council agreed to hand over £55m for the £215m Covent Garden opera house redevelopment project in central London - involving land of which the council was a joint owner.

"There is no power for the council to distribute lottery money to itself, or to a project in which it has an interest," the

QC told a judge. Mr Price said the £55m allocated was the largest distribution of lottery money so far contemplated by the council.

"The conflict between the council's statutory responsibility for choosing between competing applicants for lottery money and its interest in this particular intended distribution is intolerable," said Mr Price. "The law should not permit - and in our submission does not permit - an exercise of discretion in favour of the person given that discretion."

The QC was asking Mr Justice Tucker to give Jo Weir, chairman of the Covent Garden

Community Association, which fears the proposed redevelopment will damage the area, permission to seek a judicial review of the council's decision.

Planning conditions laid down by Westminster council had not yet been satisfied and the Opera House was applying for some of them to be discharged, having failed to get approval for designs for buildings which will replace historic ones in Russell Street, Bow Street and the Covent Garden Piazza.

Despite this, the Arts Council had wrongly begun to distribute the lottery cash on the basis that the conditions would be properly met.

Paralysed rugby player sues referee for £1m damages

A 21-year-old rugby player yesterday launched a legal battle for £1m compensation from a referee and another player after he was paralysed for life when a scrum collapsed.

Ben Smoldon was on the threshold of a happy and fulfilling life before the accident during a game between Sutton Coldfield and Burton on Trent under-19 Colts in October 1991, the High Court was told.

Now tetraplegic, he is condemned to a wheelchair existence for the rest of his days, his counsel, Peter Andrews QC, told Mr Justice Curran.

Mr Smoldon, of Sutton Coldfield, West Midlands, is suing the match referee Michael Nolan and Thomas Whitworth, a member of the opposing team, who both deny liability.

Mr Andrews said that Mr Smoldon, who played hooker, was injured when the scrum collapsed and the bodily force exerted by the other members caused his neck to be dislocated. "He thought at the time it was a one in a million accident. In fact, there has been, unhappily, an increasing history of serious injury in the game of rugby and Ben has fallen victim to that pattern of catastrophic injury."

Mr Andrews said he would argue that the match was not played according to the laws of the game or in a sporting spirit. The referee's role was crucial in

controlling what was a potentially dangerous sport.

In every match he must apply the laws of the game fairly and without omission - laws designed to preserve the safety of the players in what was essentially a robust physical contact sport which carried an omnipresent risk of personal injury.

He added: "Unfortunately in this game the laws were per-

sistently contravened and ignored and some of those present actually foresaw the likelihood of injury before Ben's accident. The playing, particularly in the scrummages, was very dangerous."

A touch judge had warned the referee that unless he did something, someone in the front row of the scrum was going to be injured. "Mr Nolan

agreed but, in effect, said he could not do anything about the situation."

A spectator had also commented afterwards that, in respect of the scrum collapsing, he had never seen a game like it.

Mr Andrews said that between 1954 and 1993, 226 medical papers had been published on rugby injuries, which concluded it was the sporting activity most likely to give rise to personal injury. There had been a dramatic increase in injuries to the spine from 1970 onwards with nine such injuries in the 1980-81 season. Front-row players, and especially the hooker, were at particular risk from scrumming injuries caused by the scrum collapsing.

In an attempt to improve the situation, the laws of the game were adjusted in the early 1980s.

Mr Andrews said: "It's clear that well before the 1991-92 season, officials of the game ought to have known of the risk of spinal injuries to those who play, particularly in the front row."

The case, which is likely to last two weeks, is believed to be the first time in England that a referee has been sued in such a situation and will have wide implications not only for rugby, but refereeing in general.

Mr Nolan is being backed by the Rugby Football Union, which insures referees.



Ben Smoldon: Confined to a wheelchair after accident

Rail stations on move as sites are sold

CHRISTIAN WOLMAR
Transport Correspondent

Rail stations are being moved out of town centres so that their former sites can be sold to property developers by Railtrack. Labour claimed yesterday.

And a Labour peer also said that Railtrack was selling off sites for development which could still be used for attracting freight back onto rail.

Clare Short, the shadow Transport Secretary, has identified half a dozen rail stations which are "sliding out of town" in order to enable Railtrack to

sell land to developers. In Wrexham, north Wales, for example, there is a plan to move the station 200m out of the town centre while at Windsor & Eton central, the plan is to shift the station back up the line for 100 metres. Similar plans have been carried out at Merthyr Tydfil and there are similar schemes to move the stations at Aberystwyth, Lowestoft and Staines.

Labour is particularly angry that most of the profits from these developments can be retained by Railtrack. Only a quarter of the proceeds have to be passed on to reduce track access charges for train operators

while Railtrack retains 75 per cent.

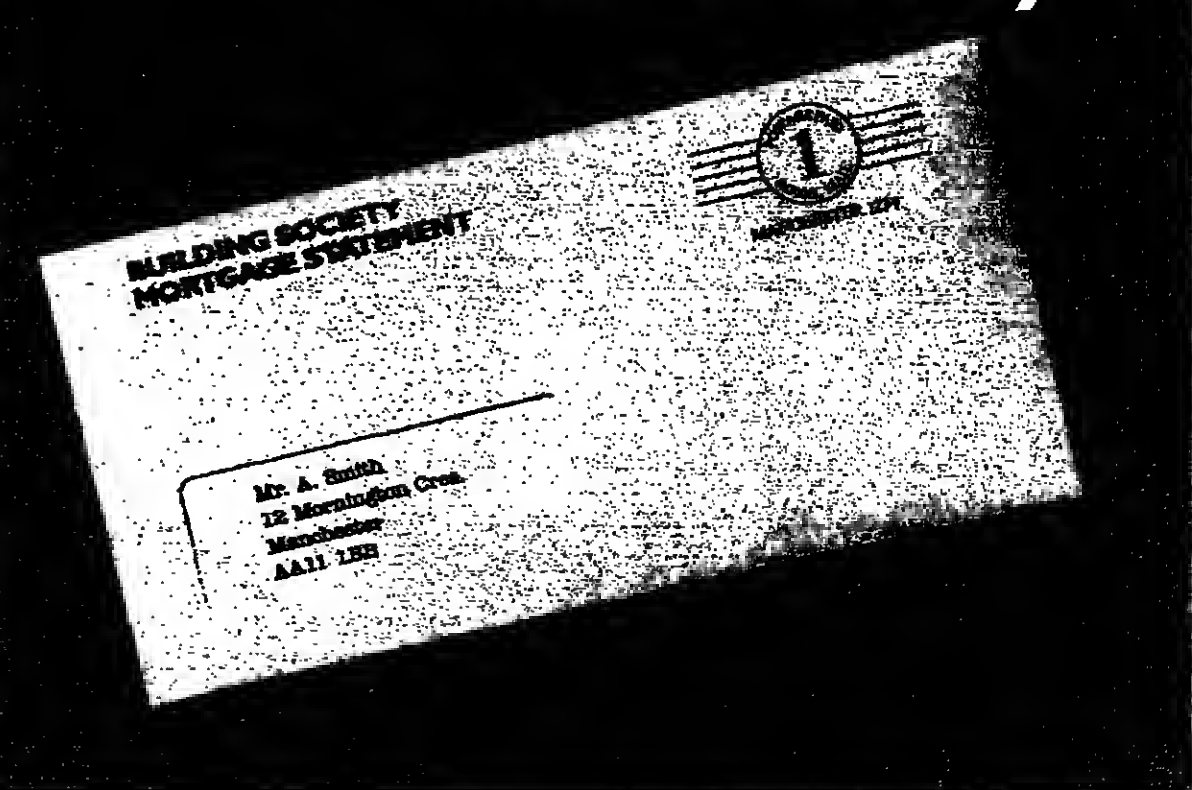
In the statement that will set out Labour's plans for Railtrack in the share prospectus to be issued early next month, Labour will say that 100 per cent of such receipts should stay in the industry. Ms Short said: "Labour will ensure that all proceeds of property sales will go back into the railway for re-investment." She accused Railtrack of "planning to carve up rail land".

A Railtrack spokesman said last night that all these planned developments were for the benefit of passengers. "They have all been agreed by local au-

thorities, and the train operating companies are also happy about them. While Railtrack will, of course, benefit, all these schemes also result in improved stations and other facilities."

Lord Berkeley, who recently joined Labour from the cross-benches, has uncovered half a dozen sites which he says are supposed to be protected but are being sold by Railtrack. He told *The Independent*: "This is being done in a very clever way. They are selling small bits of these parcels of land to supermarkets and the like, rather than the whole site which they are prevented from doing."

Here's one statement that doesn't tell the whole story.



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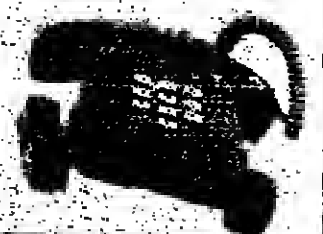
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news

Asbestos scandal: Report says Dame Shirley Porter housed families in danger blocks to thwart 'left wing' buy-out

Council 'put politics before safety'

CHRIS BLACKHURST
Westminster Correspondent

Hermes and Chantry Points were known by Westminster city council officials and councillors to be riddled with asbestos when they moved 10 homeless families into the grim tower blocks in Paddington, in early 1989.

Built by the former Greater London Council in 1968, the 22-storey blocks each contained 110 flats. John Barratt, former chief executive of Cambridgeshire county council asked by the present Westminster council to investigate the scandal, said in his report published yesterday that "asbestos was very extensively used in their construction".

He also found that the existence of the potentially lethal material did not stop the council targeting the flats as suitable homes for the homeless. As long ago as 1983, he said, everything the council needed to know about the asbestos had been brought to their attention. "The asbestos problems in the Points were obviously outstanding in their scale."

Brown asbestos was sprayed on to steel beams which were then housed in panels made of asbestos chipboard; internal walls were made from asbestos-faced chipboard; asbestos cement was used to cover heaters; floor tiles contained asbestos; and service ducts were enclosed by asbestos panels.

The council considered removing the asbestos but that cost money. That plan was put on hold and, Mr Barratt said, a management system should have been set up to warn residents, to avoid housing families, to seal leaks and remove the asbestos in hall ceilings. It was not.

Under health and safety legislation there was a legal duty to minimise the risk to workmen which, Mr Barratt writes, the council "failed to observe".

The flats were not closed down, nor did they have their asbestos ripped out - instead they became a political football. Council officers ceased to have much say in their management and they became an issue for Dame Shirley Porter, the Tory council's leader, and her senior colleagues, including Barry Legg, now MP for Milton Keynes South West, then chairman of her inner group.

The health of the occupants was not, Mr Barratt writes, "a clear objective". Instead, from December 1988 until July 1990, "the major informal policy, which dominated all decision-making about the Points was to defeat the bid by Wech [Walton and Elgin Community Homes Limited], a local tenants

group which wanted to take the blocks off the council and remove the asbestos and which the council was convinced was left-wing".

Mr Barratt describes how a document, *A Political Assessment*, was drawn up for Lady Porter's team. It stated how the council would be embarrassed if a "left-wing activist-led group" used "right to buy" legislation to acquire the blocks.

The solution to defeating Wech was to move in homeless families. "I have to conclude that the real reason for the decision to accommodate homeless families in the Points was to assist the hoped-for defeat of the Wech bid; that the decision was... influenced by considerations of party advantage."

Mr Barratt accuses the council's former leaders of erecting a "hypocritical smoke-screen" to obscure their involvement. "Against such a background the chances of health risks caused by asbestos being considered were not realistic."

The first families moved in March 1989. There was nothing council officials could do. "Senior officers became trapped into defending the indefensible," Mr Barratt writes.

In July 1990, environmental health officers intervened and after seven years the problem of asbestos was tackled. The blocks were ordered to be cleared. In November 1991, the flats were sealed. Three years later they were demolished.



Safety first: Workers in protective wear prepare to clear asbestos in Chantry Point, left, and the view to Hermes Point

Photograph: Philip Wolmuth

Former tenants living with time bomb of killer dust

Action must be taken against those who knowingly exposed families to health risks, ex-residents tell Rebecca Fowler

The first they knew of it was when visiting workmen could not stop sneezing. More than a decade on, the former tenants of the Points flats, in west London, may be living with a time-bomb, after it was revealed their two blocks were filled with potentially lethal asbestos.

They only realised the full extent of the risk when officials arrived in protective suits and masks, and parked their decontamination tanks in the car-parks. But just as it became apparent to existing tenants in 1989, 100 homeless families were moved there, many with children, unaware of the problem.

Among the first to arrive at Chantry Point in 1989 was Safia Ahmed, 35, a Somali refugee, and her three children. "I'm so angry that they did not tell us about it. It was so wrong, so ar-

rogant, just like 'mad cow disease', not knowing what the risks are," she said.

"It's a terrible mental strain knowing how to cope with it. My kids have their whole futures in front of them, but they could reach 20 and find they have a terrible illness. I haven't talked to them about it yet. I'm not sure what to say."

The risk of exposure to asbestos, which can cause serious respiratory diseases and increase the risk of lung cancer, has been known for decades. But the illnesses may take 20 to 40 years to develop, and children are believed to be particularly susceptible.

Many tenants already living in the Points watched the arrival of the new families in 1989 with shock. Stan Bruno, 59, a retired telephone engineer who lived there for 15 years, had covered

his flat in thick emulsion and plastic sheeting in an attempt to limit exposure to asbestos particles.

Mr Bruno said: "While I had just decided to seal up the heating system for added protection, Westminster Council was bringing in these families and their children. What were they thinking of? I feel very angry, mainly because there's not a lot that can be done for anybody now."

"We've been exposed, we've taken the risk. All we can do is get on with our lives. But they should be prepared to account for the bunch of rakes they are. The whole thing was utterly corrupt. These people had a public responsibility."

The former tenants of the Points, which were finally demolished in 1994, were infuriated further by a letter sent to them by Bill Roots, chief executive of Westminster City Council, yesterday. He suggested there was no serious risk to their health, and claimed "people



Back in anger: The ex-tenants Stan Bruno and Ann De Souza at the old site of the flats

Photograph: John Voos

who drive to work every day" were at "considerably greater risk" of health problems.

While those who lived in the Points attempt to carry on their

lives under the shadow of asbestos exposure, they say it is impossible not to feel angry against the council.

Ann De Souza, 46, who lived in Hermes Point between 1980 and 1990, recalled when officials finally arrived to take the asbestos away.

She said: "We saw the men come in their great big white space suits, and that's when we really started worrying, and getting angry. Here were these council people coming in with all this protection, but they allowed us to live there without any protection at all, and there were so many children."

In the independent report, commissioned by the council and published yesterday, it is clearly stated there was cause for concern. It says: "The exposure suffered by some individuals may yet result in serious health consequences... It is therefore important to express the seriousness of Westminster City Council's lack of care."

Michael Fallon, who pointed out, and we accept, that he had no responsibility for underfunding policy when he was an education minister. He did not set up a private nursery company, but joined one as a director last month. The Dartington nursery referred to yesterday in the *Independent* would have been set up regardless of the Government's nursery voucher scheme.

Channel 4 issues 'clean-up' warning over Evans show

JAMES CUSICK

A flurry of four-letter profanity on Chris Evans's Friday evening television show has prompted a "clean up or else" warning from Channel 4.

The programme, *TFI Friday* - which ironically takes its name from the saying "thank I... it's Friday" - is produced by Evans's own company, Ginger Productions, and attracts an audience of 3 million.

Channel 4 officials are said to be generally pleased. However, an outburst of four-letter words by Sean Ryder, singer with the group Black Grape, during a live recording last Friday, has

prompted Channel 4 to demand that Ginger Productions implements "safety measures". Channel 4 said: "Bad language at this hour [6pm] is unacceptable and we are having conversations with the production company to see what we can do to stop it happening again."

Ryder's interview for Friday's programme was pre-recorded and without bad language. But the singer went on to swear up to six times during a live version of the Sex Pistols' single "Pretty Vacant".

The safeguard demanded would operate when guests deviate from the straight and narrow of the Queen's English. In

the meantime, Ginger Productions have barred Ryder from appearing "live" again. The company said: "If Sean Ryder is going to be uncontrollable, that's something we will have to take account of in future."

Despite the black mark, John Willis, Channel 4's director of programmes, praised *TFI Friday* saying: "It really kicks open the door on the weekend. However, he branded Ryder's performance as "very serious".

Chris Evans has been warned that it is the last time something like this can happen. He realised Ryder's act was worrying and anxiously apologised during the programme. Channel 4 also



Chris Evans: Apologised

broadcast its own apology at the end of the programme.

The Independent Television Commission, the watchdog body which oversees programme content, is likely to take a dim view if Channel 4 allows *TFI Friday* to continue unchecked after three previous swearing incidents.

Soldiers killed by shell in artillery demonstration

Two soldiers died when a rogue shell landed close to the trench in which they were sheltering during a demonstration of artillery, causing it to collapse. A court was told yesterday.

The shell, fired from a 155mm gun in a close fire demonstration at Suffield, Canada, in June 1994, killed Corporals Robert Hawksley and Martin Bailey, of the Queen's Royal Lancers.

Facing a court martial at Bulford, in Wiltshire, accused of their manslaughter is Major Jonathan Ginder, 36, from Newmarket, Suffolk. The gunnery instructor of 29 Commando Regiment, Royal Artillery, denies both charges.

Captain Francis Morelli, the forward observation officer for the shoot, who was in another trench, told the hearing how he heard a number of rounds explode which seemed to be landing where they should have done.

"Almost immediately after, another round exploded very much closer to where I was and I got showered with a lot of mud and rock," said the captain, who has since left the Army and is living in Germany.

"I did not know exactly how close but I knew it was close. It was quite unexpected."

He told the court that he shouted to ask if everybody was all right and was told a

trench had been hit. He added: "A round had landed so close to a trench, the trench had completely collapsed."

The captain also described how someone had managed to get his hand down inside the collapsed trench and said he could feel a pulse, but when the two soldiers were taken out they were dead.

Lieutenant-Colonel Richard Austin, for the prosecution, told the hearing that Major Ginder had a duty to care for the two soldiers and anyone else in the area and the court had to decide if he had carried out his duties properly.

The hearing was adjourned until today.

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Benefits offices to face £200m cutback

CHRIS BLACKHURST
Westminster Correspondent

Social security offices are to close and staff are to lose their jobs as part of a £200m programme of cuts to be announced shortly by the Benefits Agency.

Documents leaked to the *Independent* reveal the full impact of the introduction of the Jobseeker's Allowance and the drop against benefit fraud on the agency, which each year pays out benefits of £75bn.

The documents show that small offices, which specialise in dealing with claimant inquiries rather than processing applications, will be shut. Freeline, the agency's free phone service which deals with 2.5 million claimants' inquiries annually will be scrapped, and out-of-hours emergency services abolished.

The agency, according to the documents, will be divided into 13 areas, instead of the present 20, and local customer surveys will be ended. Claimants will no longer receive "money advice", telling them how to manage their finances, and their appeals procedure will be simplified.

The cuts will also slash 50 per cent from budgets for district information officers, and management and personnel budgets will be heavily cut.

Peter Mathison, chief executive of the agency, will tell staff that the aim is to secure savings of £200m in the current financial year. While the administration budget for 1996-97, at £2.58bn, is £101m higher than that of the previous financial year, the cost of introducing the new Jobseeker's Allowance and the Security and Control Programme - the fraud crackdown - is put at £397m.

Above and beyond that net reduction, staff will be told, the agency is committed to "a 25 per cent improvement" in productivity by 1998-99.

In his briefing note for managers, ahead of the announce-

ments, Mr Mathison writes: "This will mean that all services will have to be examined - nothing will be exempt."

Claimants with queries will have to start paying for their phone calls, but the fraud hotline, for members of the public informing on people they suspect of claiming benefit fraud, will be continued.

In a "questions and answers" briefing document, managers are told to respond to queries on why the fraud hotline is being kept, yet benefit information via Freeline is being stopped, with the answer: "Fraud hotline is a specific and successful part of our Security programme aimed at reducing the levels of fraud and making savings in benefit expenditure."

Another briefing note for managers warns, "there must be a question over small offices where alternative services are available within reasonable distance."

The questions and answers document instructs managers to deny that the much-trumpeted "One Stop" service has been abandoned, "rather we are looking for better ways to deliver it... We aim to build on the achievements and principles of the One Stop project in the future development of customer service", it says.

Final decisions on which offices will shut and on the number of jobs to go have not yet been taken. "Obviously, with a 25 per cent productivity improvement we will have fewer jobs in the long term," says one of the briefing notes.

If asked if the cuts will mean that staff in Department of Social Security offices will come under pressure and "will affect both the quality of work and attitude to customers", managers are instructed to say the overall aim is to simplify processes involved in handling claims. "Benefits of [the cuts] will be improved customer service and reduced pressure on staff."

First patient to get electric heart dies

LIZ HUNT
Health Editor

A 64-year-old man who was the first patient in the world to receive a permanent electric heart, has died, less than 36 hours after it was removed from his body.

Tests had shown that Abel Goodman's own heart had made a "remarkable recovery" since the operation to implant the heart in October 1995, and surgeons decided to remove the battery-powered mechanical device in a five-hour operation on Saturday because of concern about localised bleeding.

Mr Goodman, who suffered from heart failure, died yesterday after developing a "sudden and unpredictable" change in heart rhythm and could not

be resuscitated, the John Radcliffe Hospital, in Oxford, said.

Stephen Westaby, the heart surgeon who operated on Mr Goodman, said: "Mr Goodman had progressed well over the 24 hours since the operation to remove the mechanical heart. The mechanical heart was removed after a remarkable recovery to Mr Goodman's own heart with bleeding around the device becoming a cause for concern."

Mr Goodman's operation had offered new hope to thousands of people with heart disease who are on the transplant waiting list. Until recently, mechanical hearts were intended only as a bridge to maintain patients until a donor organ became available.



New form: Sir Eduardo Paolozzi with *Hamlet in a Japanese Manner*, restored by computer animation. Photograph: Nick Turpin

Sculpture saved by animation

JOJO MOYES

Once it was predicted that computer animation would make fine art redundant. Now that some technology looks like ensuring that works of art are preserved for eternity.

A work by the leading British sculptor Sir Eduardo Paolozzi has recently been restored to its original form using a mixture of high-level graphics and virtual reality and conservators are predicting that similar restorations will follow.

Hamlet in a Japanese Manner, a three-part brightly coloured aluminium sculpture, was first shown in 1966 and had since been stripped down to its aluminium parts. After it was chosen for *A Century of British Sculpture*, due to open in June in Paris, conservators found that there were few records of how it had originally looked.

This is actually a very common problem, said Caroline Douglas, the British Council's exhibitions officer. "But... eventually we managed to locate three photographs."

Two conservators at the Tate Gallery, in London, were then asked to restore the work to its original design and colours.

Tessa Jackson, one of the conservators, said they had been close to giving up when they met Rob Potter, director of a computer animation company, Channel 20-20.

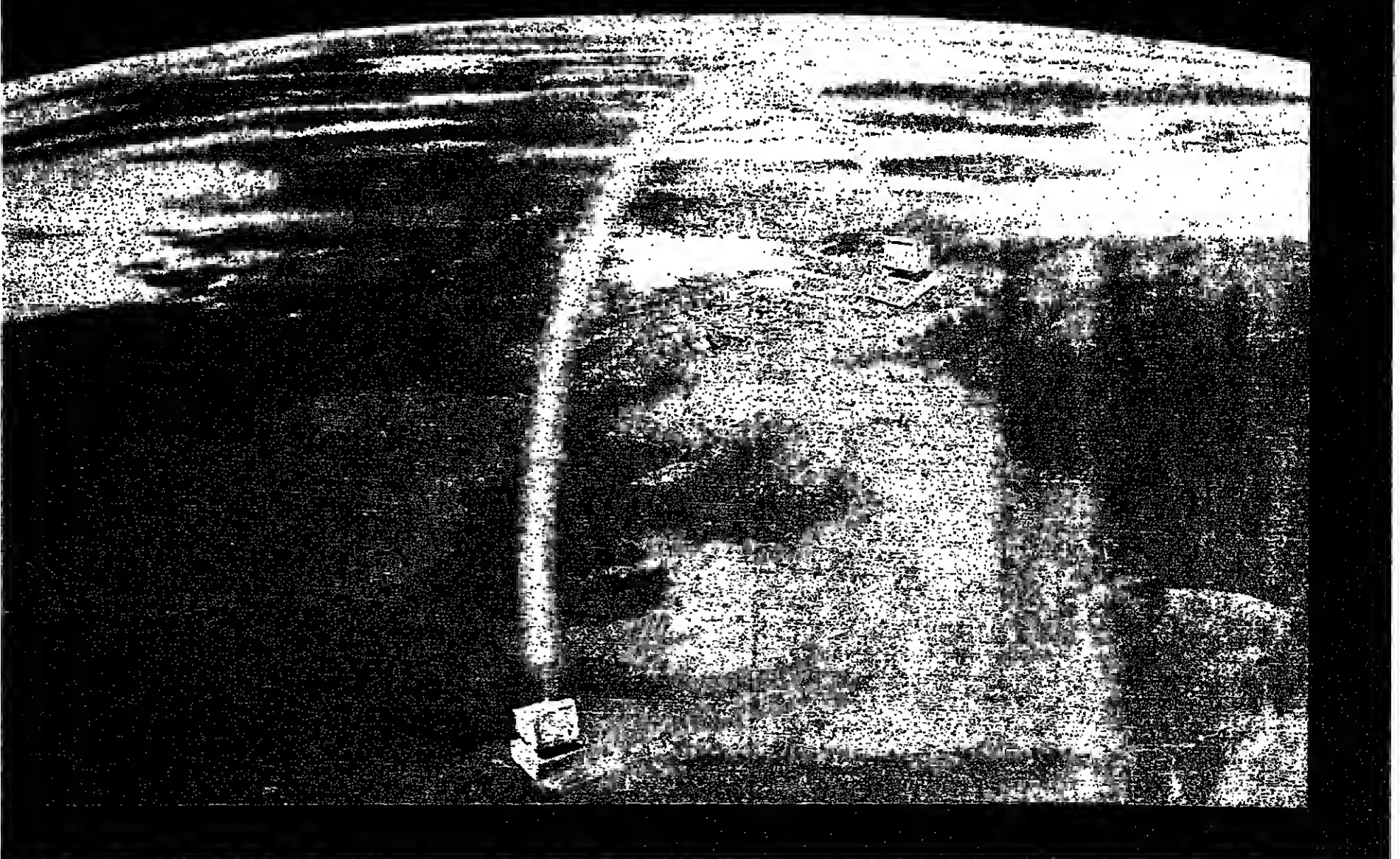
Using the photographs, Channel 20-20 produced a three-dimensional image from which they were able to piece together the original design. They then used a virtual image of the sculpture superimposed on to the screen design in order to "trace" the design and paint on to the actual sculpture.

Ms Jackson said the technology had ensured that the finished product was "as accurate as it's going to get".

The animation work would have cost the Tate £60,000 (the company did not charge full rate) and the gallery is "very interested" in using it again.

The sculpture will go on display in Paris on 4 June before returning to its owner, Kelvin-grove gallery in Glasgow.

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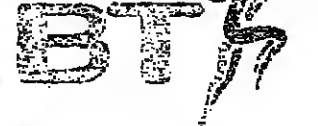
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news

'Temps' given chance to have a mortgage

DIANE COYLE
JOHN RENTOUL
and BARRIE CLEMENT

Manpower, Britain's largest "temp" agency, is to launch a mortgage scheme next month to attract workers who would not normally be able to persuade a lender to give them a mortgage.

Up to 20,000 people who have been with Manpower for more than a year will be eligible for the scheme, which is being jointly run with National Westminster Bank. A pension scheme will be launched later this year.

Manpower's chairman, Lilian Bennett, said yesterday that the financial system had lagged behind the rapid growth in the number of flexible workers, who now account for 12 per cent of Britain's workforce compared with less than 1 per cent 20 years ago.

Mrs Bennett is concerned about other dangers in the

growth of the flexible workforce. "Employers do not see the need to pay benefits and give temporary staff the same rights as their core employees, but they are also a critical part of the workforce," she said.

The move came as Tony Blair said the Conservatives would be punished for the "rampant insecurity" afflicting the UK at the general election. The Labour leader, who plans to make job insecurity a central issue in the election campaign, said the country had entered a "new age of anxiety".

His statement came as Labour prepared to launch a consultation paper on Thursday in which David Blunkett, the party's education and employment spokesman, will formally drop the party's policy of a compulsory training levy on companies - attacked by the Tories as a "tax on jobs".

The paper is expected to float a plan for employers who

match employees' contributions to individual save-as-you-earn training accounts to get preferential treatment in the awarding of government contracts.

Labour has decided to drop its previous policy that would have forced large employers to provide in-service training or face payment of a levy.

Gordon Brown, the Shadow Chancellor, yesterday confirmed that Labour was considering a new tax relief for people who pay for their own retraining. But he also wants to provide a "carrot" to induce employers to provide, or encourage, training.

Mr Blair published a dossier of statistics on the trend away from secure full-time permanent jobs to insecure, part-time and temporary work, designed to draw attention to growing job insecurity.

Ministers' attempts to promote a "feel-good factor" were undermined yesterday when

the state-backed conciliation service reported widespread and growing fears over job security. In its annual report published yesterday, Acas, the employment advisory service, said that despite an economic upturn the goal of high morale in the workforce was proving "elusive".

The organisation dealt with a record 91,500 cases involving complaints by individuals that their employment rights had been flouted - up 15 per cent on the previous year.

The biggest rise was among allegations of breaches of employment contract. Although Acas took over responsibility for such cases just 18 months ago, they now form 17 per cent of the total caseload. John Hougham, chairman of Acas, said there were a number of reasons for the increase in cases involving job security, including the fact that people had also become more aware of their rights.



Master class: Lord Menuhin listening to rehearsals at the fifth Cambridge Symposium for young string quartets. The event concluded yesterday with a concert, conducted by Lord Menuhin, featuring all 16 quartets. Photograph: Tony Buckingham

It's in your interest to read between the lines.

Going to work on the Tube

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Major engineering and refurbishment works in the Thames Tunnel.

(Resumption 1997)

WATERLOO AND CITY LINE

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NORTHERN LINE

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(Closed southbound, Moorgate to Kennington, July-Oct 1996)

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(Piccadilly Circus to Elephant and Castle closed Nov 1996-July 1997)

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Spring date for last Potter plays

Dennis Potter's dying wish and an epic *Gulliver's Travels* lead Channel 4's £56m spring schedule, launched yesterday.

Gulliver's Travels, starring Ted Danson and to be shown over Easter, cost £13m, although in collaboration with the American NBC network and Hallmark films. It is not included in the £56m total.

Brookside is set to spring a few surprises - Sammy Rogers will be back in the Close without Owen but with daughter Louise, and there's good news for one of the Dixon or Corkhill families about that Bangkok jail sentence - but will it be Mike or Lindsay who gets released?

Fresh from *The Big Breakfast*, Gabby Roslin will launch her new prime-time chat-show, and Zig and Zag get their own *Dirty Deeds* series too.

Life After Birth will be a new sitcom about a young single mother and her flatmates, written by the comedy newcomers Simon Block and Teresa Poland.

Friday night comedy will feature Rory Bremner and a double act from Jack Dee and Jeremy Hardy.

Dennis Potter, who wrote *The Singing Detective* and *Black-eyes*, bequeathed his final television plays, *Karaoke* and *Cold Lazarus*, to both Channel 4 and the BBC. He insisted they collaborate and that the plays be shown on both channels. Potter laboured to complete them before he died in 1994.

The four parts of *Karaoke* will be shown first on BBC1 on Sunday nights from 28 April, with Monday night repeats on Channel 4; while *Cold Lazarus* will premiere on Channel 4 on Sundays from 26 May, followed by Monday night repeats on BBC1.

The two serials are linked by the story of Daniel Foyle, played by Albert Finney. In the first he is a dying film writer and in the second his disembodied head is revived four centuries on.

New dramatic writers are showcased in *Talentspout*, a wordplay on Channel 4's latest film success, *Trainspotting*.

DAILY POEM

Expecting

By Michael Symmons Roberts

There is another heart beating in this house,
another shoulder turning in the night.
Rain drips lost on to the untidy fire.
Gutters slowly clog with pasted leaves.
Quinces sharpen, shivering on their thorns
tended by the last few punched drunk bees.
Maybe rain will shake the eucalyptus tree
whose desperate roots have undermined the house
and opened up an old crack in its face.
Somehow, from the summer's shallow sea,
a curl in the current was salvaged
and has grown into a miracle, a fish out of water,
looping and rolling through Autumn and freeze.

Michael Symmons Roberts was born in 1963 in Preston, Lancashire, and now lives near Macclesfield. He read Philosophy and Theology at Regent's Park College, Oxford, and subsequently trained as a BBC producer. In 1988 he received the Gregory Award. His first collection, *Soft Keys*, was published by Secker in 1993. His verse has appeared in the *TLS* and the *London Magazine* and has been broadcast on *Kaleidoscope* and the BBC World Service.

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Minister moves to placate divorce Bill rebels

PRISCILLA WYNN DAVIES
Legal Affairs Editor

The Government bent over backwards to placate its Family Law Bill rebels last night, pledging to change the law to allow divorced wives a share of their husbands' pensions and promising "genuine" free votes on the key reform of no-fault divorce after a year.

To a barrage of criticism from Tory backbenchers as he

opened the Bill's Commons Second Reading, Roger Freeman, Chancellor of the Duchy of Lancaster, said his door was open today to any backbencher who wanted help with drafting a workable amendment that could be put to the vote during the committee stage. And, "as a measure of our acceptance of the principle", a Lords amendment on splitting pensions at the time of divorce would not be overturned.

Mr Freeman promised that the Government would bring forward its own legislation "at the earliest opportunity" following a Green Paper in July. In practice, that is likely to mean that a measure will be announced in this autumn's Queen's Speech, while the Lords' amendment - described by Mr Freeman as "defective and insufficient" - will never be brought into force. Mr Freeman said 30 Acts of Parliament

would need to be changed if pension splitting was adopted in the way the Lords had decided.

Introducing the concept of the "genuine" free vote that even members of government could exercise, dubbed the "Freeman vote" by John Patten, a former minister and ardent critic of the Bill, Mr Freeman promised that issues of removing fault from divorce and the length of the waiting time would be dealt with in this way.

In response to a question from Edward Leigh, another critic and former minister, Mr Freeman suggested that clauses covering the "hardship" bar to divorce and on whether financial orders should be allowed during the one-year waiting period could be further examined on the floor of the House at the report stage.

But on the Bill as a whole, Mr Freeman insisted that it would "better protect the interests of

the children of a marriage by reducing acrimony and by ensuring that conduct is taken into account where it is relevant to the upbringing of children".

He said Office of Population Censuses and Surveys figures for 1994 showed that in 72 per cent of cases people filed for divorce on the basis of fault, leading to a median period for all divorces of seven months and divorces before arrangements had been decided for children

or financial matters. His attempts to meet Tory rebels half-way is unlikely to have changed many minds. John Redwood, the former Cabinet minister, demanded to know why the law should be changed to allow someone to be divorced against their will, or contrary to the benefit of the children, after a year, when under the present law the couple could have to wait at least two years and be separated.

Paul Boateng, Labour's spokesman on legal affairs, demanded to know how much the Bill's mediation provisions would cost. Mr Boateng also highlighted the plight of victims of domestic violence, who he said could not be expected to sit down in mediation with their attackers.

Meanwhile, the Law Society has insisted that pension splitting could be dealt with in the current Bill.

Couples face extra year of separation

Legislation means people may have to start divorce process over again. **Ros Wynne-Jones reports**

If the Family Law Bill becomes law there will be no divorces by consent for a period of one year.

Couples who are embarking on two-year separation divorces now would find themselves having to begin the process all over again if the new legislation comes into effect before their separation period has ended.

This would mean that during the first year of implementation no mutual consent divorces could occur. The new law requires a 12-month cooling off period prior to divorce.

Contested divorces, where proceedings had been begun prior to the new legislation, would continue to go through during the first year.

The loophole emerged as confusion over what the bill would mean for couples caught between the old and new legislation was triggered by comments made yesterday by Jonathan Evans, the minister steering the Bill through the Commons.

He told Radio 4's *Today* programme that "in the first year, after this legislation comes in, nobody will be able to get divorced" leaving a question mark over what would happen to those already involved in divorce proceedings.

The Lord Chancellor's office confirmed there would be no divorces at all in the one-year period, but later stated that couples who had already filed for contested divorces prior to that date would be covered by interim arrangements.

The problem occurs in two-year separation divorces because, unlike in contested divorces, couples who wish to divorce by mutual consent or separation, actually file for divorce after the period of separation and the law cannot cover them retrospectively.

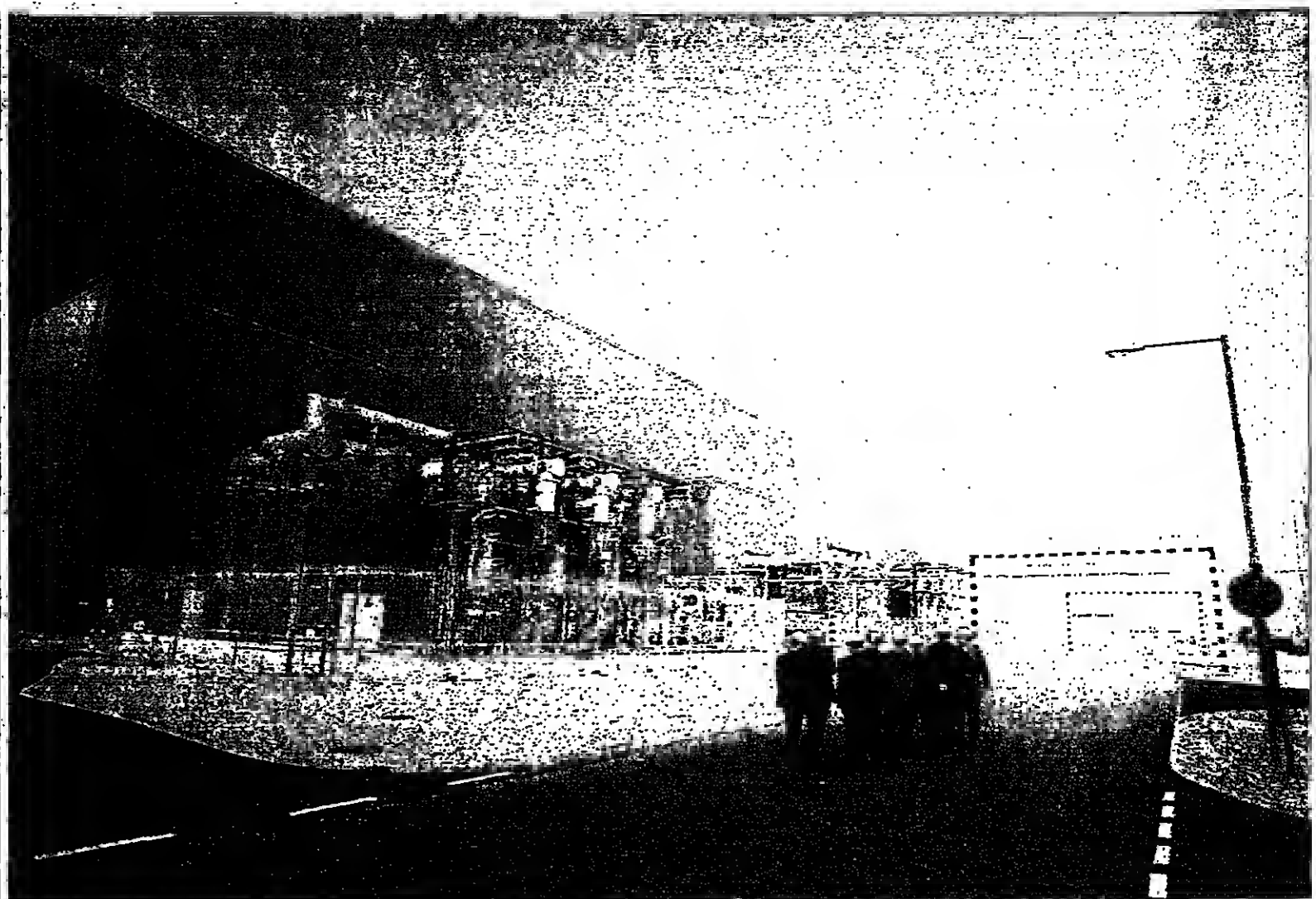
A spokesman for the Lord Chancellor's office said: "The law is unable to be retrospective and so we have been unable to make arrangements for those already undertaking divorce by consent when the law comes in. A category of people will be caught by this but the department is unable to really see a way round it."

A senior divorce lawyer said there was concern in the legal profession about the people that would fall between the old and new divorce laws. People seeking legal advice would be informed that the process could take three years, which might encourage some people into contriving grounds for divorce, such as unreasonable conduct.

Ironically, divorce on "invented" grounds is one of the issues the Lord Chancellor is trying to address.

There is also concern about the status of international cases because of the possibility that other jurisdictions will be able to process cases faster than in England. An English woman married to a French man might decide to go through a divorce in France rather than England, for example.

The Lord Chancellor expects a two-year period between the divorce bill completing its passage through the Commons and the law being implemented. If the law is passed this summer, it would come into effect from summer 1998 and the first divorces under the new law would come through in summer 1999. In the interim people will have to wait the extra year or cite grounds for divorce such as unreasonable behaviour or adultery.



Power play: Ian Lang, the President of the Board of Trade, joins officials outside Sizewell B in Suffolk after opening the nuclear energy plant yesterday. Mr Lang insisted that safety would be paramount in the privatised nuclear industry. Photograph: Edward Sykes

CSA to compensate falsely accused men

JOHN RENTOUL
Political Correspondent

The Child Support Agency is to make a £100 "consolatory payment" to men who are falsely accused of fathering children, the Government announced yesterday.

Andrew Mitchell, the social security minister, said the change would come into effect next week in the "extremely rare cases" where the CSA is at fault in sending a form to a person who is not the parent of the children in question. "This is to compensate for the possible upset and inconvenience caused

by this error," he said in a written parliamentary answer.

One of the CSA's many problems since its launch three years ago has been a series of well-publicised mistakes which have threatened marriages because wives have opened letters from the CSA which were based on erroneous information.

Headlines such as "CSA blunder nearly ruined my marriage", over the story of Steven Sheppard, whose wife Janet opened a letter from the CSA, have embarrassed ministers.

According to the CSA two years ago, Mr Sheppard, the father of two girls aged seven and

12, also had a 10-year-old daughter by another woman. After the mistake was uncovered, Mrs Sheppard said: "I'm so angry. We had the biggest row of our entire marriage. In 13 years I've never once doubted all that trust with one letter."

In the last nine months for which figures are available, there were 28 instances where the CSA "may have been responsible" for wrongly identifying absent parents, a spokesman for the Department of Social Security said. This was an infinitesimal proportion of the 133,000 forms sent out.

The payment would not be available where the CSA acted in good faith, for example in response to malicious claims that someone had fathered a child.

The new rule forms part of a further package of reforms which have already stilled much of the fierce criticism of the CSA from aggrieved fathers.

Last year, travel-to-work costs were taken into account for the calculation of maintenance payments, and a limit of 30 per cent of the absent parent's disposable income set for maintenance.

Last week, a more thorough system of allowing "departures

from the rigid formula for calculating maintenance started to come into effect. Mr Mitchell also announced that interest would be payable on maintenance paid late because of delays caused by the CSA.

Yesterday, Mr Mitchell also announced that he would be acting on the criticisms made by William Reid, the parliamentary ombudsman. He will appoint an independent complaints examiner in the summer, as Mr Reid demanded last week.

Mr Reid said that one-third of the complaints he receives across all government departments concern the CSA.

Clarke under pressure on VAT

NICHOLAS SCHOON
Environment Correspondent

The Chancellor, Kenneth Clarke, will today attempt to head off a rebellion among Tory MPs which could see the Government defeated in the Commons tomorrow.

There is strong cross-party support for a move to cut VAT on insulation and other energy-saving goods from 17.5 to 8 per cent, bringing it in line with the lower VAT rate charged on electricity and gas.

Among the 11 Tory rebels who have signed amendments to the Finance Bill are prominent Euro-sceptics such as Sir Teddy Taylor and Theresa Gorman. They see the issue as a chance to challenge the European Commission's restrictions on VAT changes in member states. The 11 also include Sir John Hanham, a member of the executive of the powerful 1922 Committee of backbench Tory MPs. He and Tim Yeo, the former environment minister, are to meet Mr Clarke today.

Supporters of the campaign say common sense and justice demand that products such as triple glazing, cavity-wall insulation and thermosyptic radiator valves should have the same VAT rate as fuel. The differential encourages households to use energy wastefully, harming the environment and economy.

But the Government has been strongly opposed. Apart from possible problems with the Commission, it does not want to lose the £8m a year revenue which 17.5 per cent VAT on energy saving goods brings in.

Alan Simpson, the left-wing Labour MP for Nottingham South, is leading the campaign. Last year his *Early Day Motion* calling for over half of all MPs, and nearly 200 backed his amendments to the Finance Bill last week. An amendment to allow a refund system in which people who pay 17.5 per cent VAT could reclaim half, is most likely to come to a vote.

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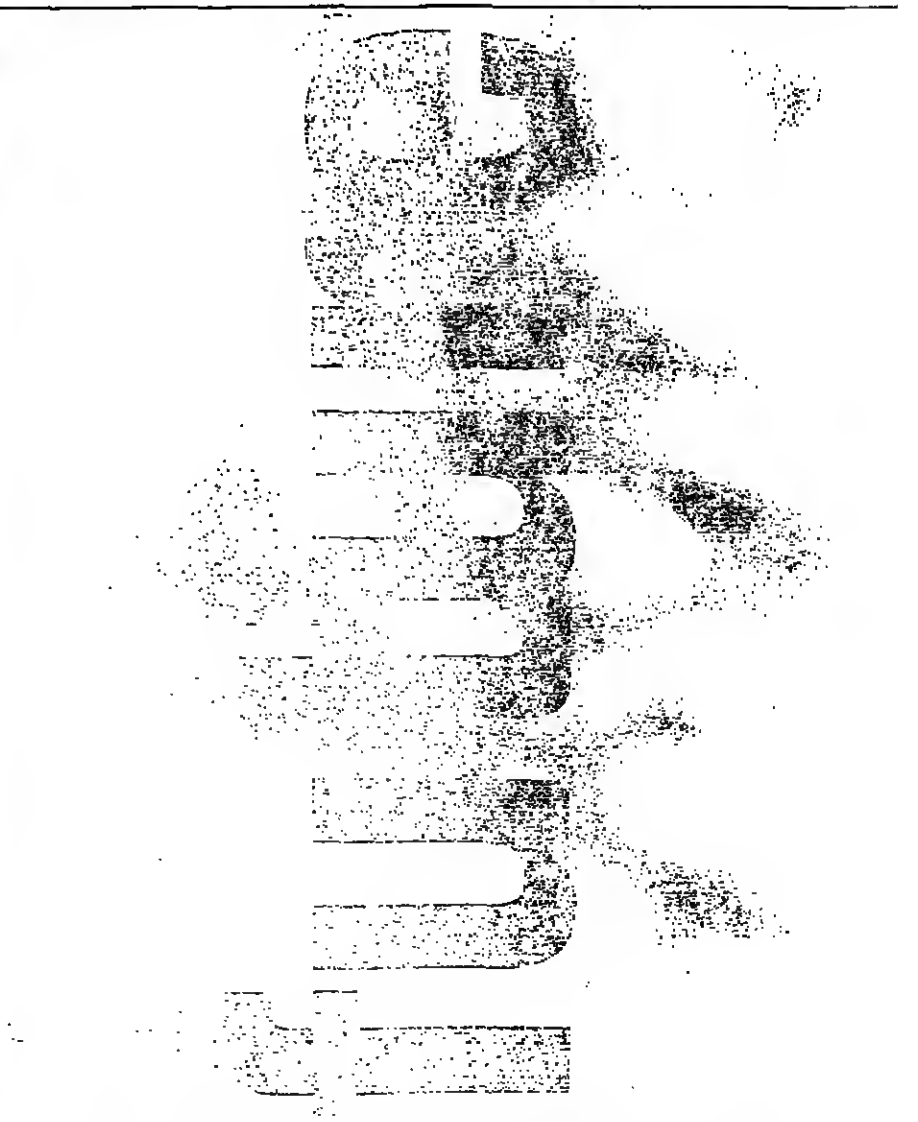
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international

Clinton backed Baghdad bombers

Patrick Cockburn unearths video evidence that the US, while decrying Hamas attacks in Israel, was at the same time backing a ruthless group operating in Iraq

At the same time that President Bill Clinton was denouncing the Hamas suicide bombers at an "anti-terror" conference in Egypt two weeks ago, the US was supporting an equally violent organisation in Iraq which carries out bomb attacks in Baghdad and other cities.

The Iraqi opposition campaign, aimed at destabilising President Saddam Hussein and his government, has hitherto remained secret. It includes using car bombs and smaller explosive devices smuggled from Iraqi Kurdistan, which is outside government control.

Iraq issues no figures for people killed or injured in explosions but an opposition member said: "I estimate that more than 100 civilians have been killed by the bombs in Baghdad in the last three or four years. There is zero concern about civilian deaths among those behind the bombing."

The body mainly responsible for attacks is the Iraqi National Accord, one of the main resistance groups, described by another opposition leader as "heavily sponsored by the US and under the influence of the CIA". Last year the CIA asked Congress for \$15m for covert operations against Baghdad.

Evidence that at least part of this funds a bombing campaign has become available recently through Abu Amneh al-Khadami, one of the National Accord's chief bomb-makers. To justify his conduct and explain his grievances to opposition leaders abroad he made a video - the *Independent* obtained a copy - describing how he made and sent bombs to Baghdad.

He also recounts conversations with his superior, who fears "the Americans will cut off financial aid to us". He says he was originally recruited by a National Accord official who got him freed from jail in the Kurdish headquarters at Salahudin, northern Iraq. He quotes him as saying: "I made the Ameri-



Rebel region: Kurds in northern Iraq. An opposition bomb-maker drew explosives from here for attacks in Iraqi cities. Photograph: Rex

can in Washington telephone Masoud Barzani [the Kurdish leader] to say let Abu Amneh out of prison."

The video was made in Abu Amneh's office in Sulaymaniyah, eastern Kurdistan. He says his motive is to denounce his immediate superior, Adnan Mohammed al-Nuri, a former Iraqi brigadier who defected to the opposition and whom he accuses of stealing money meant for him and of working with Iraqi intelligence.

He had reason to fear his colleagues. Late last year an explosion in a headquarters building in Salahudin of the Iraqi National Congress, one of the opposition groups, killed 28 people. Members of the National Accord are under arrest for planting the bomb, say Kurdish sources.

Abu Amneh's account is often rambling, but there is no doubt about its authenticity. He often complains of being underpaid. At one point he says: "We blew up a car and we were supposed to get \$2,000 but Adnan gave us \$1,000."

During his monologue, recorded on 25 January, his anger never flags against Mr Nuri and his superiors for keeping him short of explosives and fuses and for giving unreasonable orders: "I had to buy clocks from the souk [market] and turn them into timers." Once he reads a letter from Mr Nuri asking him to "send me explosive materials you have prepared so that we can send them from here to Mosul". Mosul is a large city on the upper Tigris.

What makes the disclosures about the bombings politically sensitive is that on 13 March Mr Clinton assembled 28 world leaders at Sharm el-Sheikh, in Egypt, to denounce terrorism in the aftermath of the four bombs in Israel which killed 62 people. He said: "We must be clear in our condemnation of those who resort to terror."

The countries represented

at Sharm el-Sheikh are to attend a follow-up meeting on counter-terrorism at the US State Department in Washington on Thursday and Friday. Among topics to be discussed will be the flow of funds to terrorist groups.

After watching the video, an Iraqi opposition figure said: "The people in the State Department will crawl under their desks when they see what Abu Amneh has revealed about the groups they are supporting and co-ordinating."

Luthi Kubba, an Iraqi intellectual active in the opposition to President Hussein, reacted to the tape "with fear and disgust. If this sort of casual violence continues in Iraq, then the

country will have no political future even after Saddam. It will become like Afghanistan". He says there is no way a few bombs in Baghdad will help bring down the government.

The bomb-maker does not come well out of his film. He apparently considers planting bombs to be very much a business, often giving the cost of each operation - \$600 (£400) to get a bomb to Baghdad, for example - and complains about inadequate pay. He is evidently frightened and embittered: he says he fears his superior officers and Iraqi intelligence will try to kill him and says that he does not even have enough arms to defend himself and the 12 men who form his inner group in Sulaymaniyah.

Nevertheless, sitting at his desk, with his face to the camera, occasionally holding up old orders he has received, Abu Amneh gives a coherent account of attacks he has initiated over the past year.

Other opposition members say that he is a Shia Muslim from the Khadamiya district of Baghdad who arrived in Kurdistan after the uprising against President Saddam in the wake of the Gulf war.

He explains how he joined the National Accord, headed by Javad Mohammed Alawi, after Mr Nuri, one of its senior members, got him out of jail with American help. Abu Amneh says that he was in prison in Salahudin, a former holiday resort in the Kurdish mountains, because he distributed a leaflet criticising an opposition party.

Other Iraqis say he was jailed because he tried to kill a political rival. He says Mr Nuri used to say to him: "I was the one who released you from prison, so you have to do everything I say." Abu Amneh was told to move with his men to Sulaymaniyah, two hours' drive from Salahudin, from where "we caused several explosions in Baghdad".

Although Abu Amneh complains about money, the video shows him operating from offices that are well-appointed if not plush. At one moment the cameraman shoots through the window, showing a busy city street and in the background the blue smudge of the Kurdish mountains.

He drew his explosives from an arms dump farthest north, in the Kurdish stronghold of Shaqlawa. An aim of the bombs in Baghdad and Mosul, say other members of the Iraqi opposition, was to show that "those who planted them had a long reach inside Iraq and were worthy of financial support from outside".

Operations in Baghdad were not confined to bombs. Abu Amneh also had his men dis-

tribute leaflets and take pictures of themselves doing so to prove they had not thrown them away. He says: "These leaflets cost us more than a bomb. A bomb somebody just takes it and plants it. Leaflets need two people: one to take photographs and the other to distribute the leaflets." In either case it was dangerous: anybody caught would be tortured and killed by Iraqi security forces.

It is not known how many ordinary Iraqis died in the explosions. The media is tightly controlled and does not normally mention bombings for fear they would show the government losing control. But there are exceptions: last year Babel, a daily belonging to Uday, son of President Saddam, mentioned 10 bomb explosions in Baghdad, as part of a campaign to discredit his uncle Wathban Ibrahim al-Tikriti, then interior minister.

Abu Amneh wanted to explode bombs when they were most likely to damage the Iraqi government. He hoped to step up attacks in October in the days leading up to a referendum designed to endorse Saddam Hussein as Iraqi president. He was also angered when his superiors vetoed a plan to let off a bomb and say a group supporting Hussein Kamel, President Saddam's son-in-law, who defected in August, was responsible. He rejects objections, apparently from the US, that he was "too much a terrorist". He says, not unreasonably, that "Saddam Hussein has ruined the whole country, so how can anybody say we are terrorists?"

Abu Amneh made the videotape in order to survive. It is a plea to the leadership of his own party and a denunciation of Mr Nuri, whom he accuses of betraying him. Few bomb-makers, outside a courtroom, can have been so forthcoming about their work. He may, however, have done little to improve his chances of survival. In one and a half hours he reveals too many secrets about the bombing of Baghdad, the rivalries of the opposition and their reliance on US support. "He is naïve to think this will help him," said one Iraqi familiar with opposition politics. "I don't think he will live very long."

Murderous rivalry of factions seeking favour

PATRICK COCKBURN

Iraqi forces were driven out of Iraq's three Kurdish provinces in 1991. These then became the main base of the Iraqi opposition. They are also protected by a no-fly zone established by the United States and its allies.

In 1992, opponents of the Iraqi President, Saddam Hussein, united in forming the Iraqi National Congress, which was supported by the US, but this has not prevented ferocious rivalries. The Kurds themselves have fought a full-scale civil war in the past two years which has left 3,000 dead.

The Iraqi National Accord, the party to which their chief bomb-maker, Abu Amneh al-Khadami, belonged, has long wanted to become the movement most favoured by the US. Many of its members are former members of the regime in Baghdad and they claim to be well placed to launch a military coup. Their leader, Javad Mo-

ammed Alawi, was badly injured in an assassination attempt, carried out by Iraqi intelligence, in Britain in the late 1970s.

Abu Amneh says that the party had plans to dispose of Ahmed Chelabi, the head of the Iraqi National Congress, who had previously been the opposition leader most trusted by the US. He says: "When I first came to Sulaymaniyah I was twice asked to kill Dr Chelabi but I refused." He adds piously that "I would not ruin my reputation" by killing somebody who, whatever his faults, was part of the resistance.

He also turned down the idea of a booby-trapped car on the more practical grounds that this would turn Dr Chelabi into a martyr and might kill Americans travelling with him. Not all members of his party were so circumspect. Members of National Accord were arrested by the Kurds for blowing up an INC headquarters killing 28

people last year. The Accord has good relations with Jordan, which has turned sharply against Iraq in recent months.

According to one report, Nazari Khazraji, a former Iraqi chief of staff, who defected this month, is expected to join the party.

The intensification of the struggle to win US support may have come because the pool of American money was getting smaller. It fell from \$40m in 1992 to \$15m last year because of doubts in the US administration about the effectiveness of the opposition. On the other hand, it is difficult to see what else the opposition can do, given that the regime in Baghdad will crush mercilessly any sign of dissent. Dr Chelabi has tried to build up a regular military force in Kurdistan. This launched a limited military offensive against the Iraqi army last March but the attack failed because it lacked Kurdish and US support.



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IGC summit: French to launch 'social model' for Europe in Turin to quell mounting hostility to EU at home

Chirac unveils new jobs deal for EU states

MARY DEJEVSKY
Paris

President Jacques Chirac yesterday outlined a French initiative to define a "social model" for Europe. He said he would present his proposals to the Inter-Governmental Conference (IGC), which will rewrite the Maastricht treaty, when it opens on Friday.

The initiative was the centrepiece of a lengthy article on Europe, contributed by the President to the left-of-centre newspaper *Libération*, and which proposed measures to encourage job creation, restrict working hours and reduce the disparities in social and welfare provision across Europe.

The precise content of the plan will be finalised at tomorrow's Cabinet meeting and circulated to France's European partners on the eve of the Turin conference.

Mr Chirac's initiative coincided with a French gesture designed to seal its European credentials in the eyes of its chief ally, Germany. An announcement from the Foreign Ministry said that France was lifting the border controls it retained after the Schengen agreement on open borders came into force.

France annoyed Germany when it delayed the abolition of controls last year, citing the Netherlands' liberal drug laws and the terrorist threat.

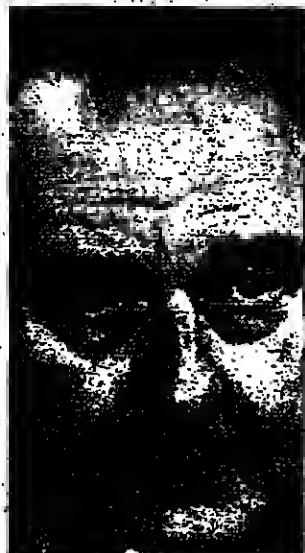
Yesterday's implementation of the Schengen treaty is only partial, however. Controls with the Benelux countries (Belgium, the Netherlands and Luxembourg) will remain until "satisfactory" measures can be agreed for controlling drug trafficking. The Netherlands' liberal attitude towards drugs continues to be a source of great friction with France.

A summit to discuss the problem had to be cancelled earlier this month because diplomats could not find sufficient common ground.



Dutch officials have since made it clear they believe Mr Chirac is obsessed by the drugs issue, while French officials have described the Netherlands, on the record, as a "narco-state".

If yesterday's move on Schengen was intended to reassure the Germans, Mr Chirac's decision to launch an initiative on "social Europe", and his choice of *Libération* to reveal the first



Chirac: 'Social initiative' is for domestic consumption

details of it, appeared designed to address the worries of ordinary French people, and a strong dissident strand in his own Gaullist party.

In the approach to the IGC, French politicians of all persuasions have evinced concern that the voters increasingly associate the European Union with an unaccountable Brussels, job losses and economic belt-

tightening, which could turn people against the whole idea of the European Union.

Influential members of President Chirac's own Gaullist (RPR) party also feel that he has not delivered on his election promise to make jobs and "ending the social divide" his top priority.

These two concerns were forcefully articulated over the weekend by one of France's chief Euro-skeptics, the influential chairman of parliament (and Gaullist) Philippe Séguin. Speaking at a conference on employment in his home region of Epinal in eastern France, Mr Séguin said that jobs, especially for young people, were a matter of extreme urgency.

In yesterday's article, Mr Chirac seemed to respond with sympathy to the views put forward by Mr Séguin, saying that "a community that had an annual budget of more than 500bn francs [£65bn] at its disposal" had "a formidable instrument for employment".

Mr Séguin has frequently found himself at odds with the Prime Minister, Alain Juppé, who has presented sound public finances as a priority that will bring jobs with it.

Although Mr Chirac appeared to take Mr Séguin's line on jobs, however, the small print of his plan contained little that was new and no suggestion about how more money might be raised to pay for job-creation schemes.

Yesterday, officials stressed that Mr Chirac's "social plan" in no way negated or replaced the French government's official IGC negotiating position, which was approved two weeks ago after a debate in parliament.

They also noted that Mr Juppé would present the final version of it to the Cabinet. Its appearance only five days before the IGC opens, however, has introduced a confusing element that was probably intended more for domestic consumption than for Turin.



Candidates from Mr Kohl's coalition partners, the Free Democrats, celebrate victory at the polls

Photograph: Reuters

Kohl crows as opposition falters

IMRE KARACS
Bonn

Germany's dispirited opposition tried to put a brave face yesterday on the drubbing it suffered in elections to three regional assemblies, but the fighting words failed to hide their disappointment.

The "first visible success", was how Oskar Lafontaine, the Chairman of the Social Democrats, described the party's pyrrhic victories in the states of Rhineland-Palatinate and Schleswig-Holstein. In Sunday's poll, the SPD had scraped a victory, but its share of the vote plummeted by about 6 per cent in both states, and it is now forced to court possible coalition partners. Others in the SPD felt less triumphant, blaming the party's campaign against immigration and European Monetary Union in the state of Baden-Württemberg.

"That has brought nothing," Andrea Nahles, leader of the party's youth wing, said. "We urgently need a new strategy: we cannot go on like this."

Those words were almost identical to those which Mr Lafontaine uttered last November in ousting the then party leader, Rudolf Scharping.

Mr Lafontaine promised to reinvent the party, but so far his populist sloganeering has been more noticeable than any issues of substance. The campaign in Baden-Württemberg, encouraged by Mr Lafontaine, earned notoriety for the party: a factor which contributed to the SPD's poor show in the other two states.

The party was guilty of "relentless opportunism", said the SPD's deputy chairman, Herta and Pauline. Chancellor Helmut Kohl, whose Christian Democrats improved their score slightly, while his

coalition partners, the Free Democrats, achieved their best results in years, was quick to capitalise on his victory.

"We now have a clear mandate," he declared. Mr Kohl has a clear run until national elections scheduled for 1998, in the knowledge that his coalition is secure. Mr Kohl accused the Social Democrats of conducting a "shabby campaign", and described the SPD's performance as "a setback, whose name is Oskar Lafontaine".

Under Mr Lafontaine's leadership, the Social Democrats have improved in opinion polls, but not enough to threaten Mr Kohl, despite the economic recession. Their strategic goal of forming a coalition government in Bonn with the Greens after the next election also seems to be under threat.

On Sunday the Greens confirmed their steady progress, easily gaining seats in the three

assemblies. But their success owes a great deal to the SPD's failure. The Greens appear to have swept up many disaffected Social Democrat voters who are turned off by Mr Lafontaine's leadership.

At the same time, coalition tensions between the Greens and the Social Democrats in North Rhine-Westphalia have undermined confidence in the SPD, but appear to have had no impact on the Green vote.

Mr Kohl is expected to use his "renewed mandate" to tackle the country's severe economic crisis. He has pledged to create 2 million jobs by the year 2000, while the Free Democrats in his government are promising tax give-aways.

More noticeable in the near future will be the effects of the budget cuts which Mr Kohl needs to make in order to make Germany fit for European monetary union.

IN BRIEF

Man denies murder of backpackers

Sydney — A 51-year-old road worker pleaded not guilty yesterday when he went on trial charged with the "backpacker murders" of seven young hitchhikers, including two British women, Caroline Walters and her travelling companion, Joanne Clarke, writes Robert Miliken.

Mr Justice David Hunt told the jury: "You would have to have been hermits not to have heard anything at all about this case... But you must put aside any feelings of horror."

Whitewater fraud

Washington — David Hale, a former investment banker and President Clinton's prime Whitewater accuser, was jailed for 28 months for fraud, writes Rupert Cornwell. Hale claims that Mr Clinton, as Arkansas Governor, pressed him to make an illegal \$300,000 (£195,000) loan to the Clintons' partners in the Whitewater land deal.

Yeltsin in Norway

Oslo — President Boris Yeltsin arrived in Norway at the start of a two-day visit, seeking reassurance over Nato expansion plans. "We will discuss why Nato is pushing to the east and with what aims," the Russian President said. *Reuters*

Nuclear-free Pacific

Suva — The United States, Britain and France signed a treaty declaring the South Pacific a nuclear-free zone, ending its use as what Fiji's prime minister called the superpowers' "atomic playground". *AP*

Tea with the Queen

Warsaw — Thousands of people gathered in Warsaw to see the Queen begin the first-ever visit to Poland by a British monarch. She will entertain the former president, Lech Walesa, to tea today. *AP*

First Lady abroad

Tuzla — Hillary Clinton, in Bosnia, said she represented a "grateful and proud" nation in thanking US troops for their peace-keeping duties. Mrs Clinton compared herself to Eleanor Roosevelt, who visited troops overseas during the Second World War. *AP*

Rockin' up the aisle

Neuilly-sur-Seine — The rock 'n' roll veteran Johnny Halliday, aged 52, married Laetitia Boudou, a 21-year-old model. It was his fifth wedding and her first. *Reuters*

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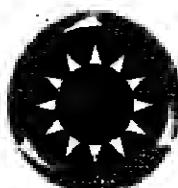
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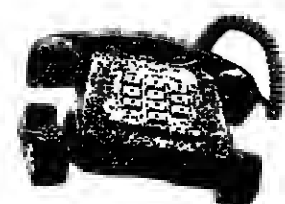
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Twelve die in Kashmir shrine siege



Siege mentality: A police marksman firing tear-gas to keep protesters away from the Hazratbal mosque. Photograph: AP

TIM MCGIRK
New Delhi

Hazratbal, Kashmir's holiest shrine, is famous for possessing a strand of the Prophet Muhammad's hair. But in recent times, this shining white marble mosque has become the epicentre of tension between Kashmiri Muslims and Indian security forces.

To avoid inflaming Muslim sentiments, the mosque has been a "no-go" area for Indian security forces. But when a gang of Kashmir militants swarmed into Hazratbal on Sunday with their weapons, they were challenged by police. A gun battle ensued and three police were killed, together with nine militants.

One of the dead militants was Bashrat Raza, described as commander-in-chief of the Jammu-Kashmir Liberation

Front, one of many Muslim militant factions opposed to Indian rule in the Himalayan state.

The surviving insurgents, as many as 25, dragged the corpses of their fellow militants inside the mosque precinct and then barricaded themselves in for a long siege. It is not the first time that militants have sheltered in Hazratbal. In October 1993, a group held hostages inside the mosque in a stand-off with the army that lasted 33 days. That ended peacefully, with the surrender of the militants, and the Prophet's hair was left unharmed.

Security forces responded swiftly this time. The mosque, beside Dal lake, outside Srinagar, was immediately ringed by over 2,000 police and paramilitary. Civilians and journalists were banned from the area. The streets emptied after news of the siege spread, but it was

impossible to tell if it was because of the insurgents' strike call or the government curfew.

The siege is likely to foul efforts by Indian authorities to secure the release of two Britons - Keith Mangan, originally from Middlesbrough, and Paul Wells, a Nottingham student - an American and a German who have been held hostage by Islamic extremists since last July. Police and Kashmir militant sources had claimed that talks between negotiators and the militants of al-Farooq had reached a favourable stage and that the captives' release was expected "within several weeks".

Al Farooq and the militants inside Hazratbal have no direct links, but it is doubtful that al-Farooq would free its prisoners while Indian security forces were besieging the holy shrine. By nightfall, the militants had refused the authorities' demands that they hand over their weapons and surrender. Over the mosque's public address system they shouted "freedom for Kashmir". Relatives of the gun battle victims managed to retrieve three bodies from the mosque courtyard.

The authorities gave the militants two days to surrender or face stiff punishment. A Kashmir government statement said anyone desecrating a religious place after Wednesday "will not be shown any leniency".

The siege of Hazratbal is a setback to plans by the Prime Minister, Narasimha Rao, to hold parliamentary elections in Kashmir. So far, all the principal Muslim militant groups have vowed to boycott the polls. With the election campaign gathering heat elsewhere in India, the powerful right-wing Hindu party is likely to attack Mr Rao for being too soft on the

Kashmiri militants. But if the militants refuse to surrender, and troops are forced to storm the mosque, India would lose the few Kashmiris still on its side.

When the Prophet's hair was misplaced back in 1964, it sparked riots that left 200 dead. The destruction of Hazratbal could set off shock waves that stun the Islamic world.

(New Delhi) - Two leading socialist parties have thrown down a stiff challenge to Mr Rao's ruling Congress Party by forming an alliance to fight the general election in India's most populous state.

The Janata Dal and Samajwadi Party (SP) set aside personality differences to contest Uttar Pradesh state's 85 parliamentary seats. It is the largest number of seats in any one state and the alliance forms what many believe could be the backbone of a left-wing alliance.

Chinese sheathe sabres for now

TERESA POOLE
Taipei

China yesterday wound up its war games in the Taiwan Strait, saying the People's Liberation Army had the "determination, the methods and the capability to safeguard reunification of the motherland".

While the intimidating rhetoric continued, the Foreign Minister, Qian Qichen, tried to ease international criticism by denying that more than two weeks of manoeuvres and missile tests had been designed to obstruct the island's progress towards democracy. "Some people on the island of Taiwan say we are obstructing their engaging in democracy. This kind of remark is completely without foundation," Mr Qian was reported as telling the visiting UN Secretary-General, Boutros Boutros-Ghali.

Peking's propaganda machine has been hard-pressed rewriting history in its efforts to explain the landslide 54 per cent victory of Lee Teng-hui in Taiwan's first democratic presidential election on Saturday.

With the result widely seen as a humiliation, Peking is trying to save face, claiming it had dealt a "telling blow" against "splittism". However, it has dropped personal attacks on Mr Lee, who for the past 10 months has been subject to a torrent of abuse for his alleged pro-independence moves.

Chang King-yi, head of the Mainland Affairs Council, said yesterday that Taiwan needed a period of observation. He called for a resumption of the low-level, semi-official talks that China froze last July in its rage at Mr Lee's foreign diplomacy. At the weekend, China's foreign ministry spokesman said the "door to negotiations" was still open so long as Taiwan accepted reunification.

The island is waiting to see if the PLA announces any new exercises. A Taiwanese security official said the mainland may hold manoeuvres inland in the south-eastern province of Fujian. The National Security Bureau director, Yin Tsung-wen, said this would be less threatening than the recent sea-based exercises and missile tests.

Zhang Wannian, vice chairman of China's Central Military Commission, the highest military body, said yesterday: "We will take all measures, including military measures, to safeguard firmly reunification of the motherland. The success of the exercises shows the quality of our armed forces is excellent."

Hoog Kong - The Democrat party vowed to fight China's dismantling of the elected legislature next year. Reuter reports. Martin Lee, the party leader, said they were considering taking the battle to the courts.

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Narrow escape: A passenger tumbles from an Indonesian Kramat Djati bus which burst into flames after ploughing into a jeep 40km south of Jakarta. Of the 40 passengers, 29 were burned beyond recognition. Photograph: AEP

Saudis want to join British troops in Bosnia

CHRISTOPHER BELLAMY
Defence Correspondent

Saudi Arabia is expected to offer a battalion of 600 peace-keeping troops to join the 50,000-strong Nato-led peace implementation force (I-For) in Bosnia.

Although the exact destination of any troops offered by the Saudi government is still to be finalised, the Saudis are likely to be assigned to the British-led division, covering southern and western Bosnia, and based in a Muslim area. Military and diplomatic sources stressed the Saudis had not made a firm decision but that the British-led division, which already has Canadian, Czech and Malaysian troops under its command, is overstretched and would welcome additional forces.

Most of the I-For troops implementing the Dayton peace agreement are from Nato countries but some non-Nato nations, including Russia, have also contributed. Although the Saudis have worked closely with the US in the past, the US sector in northern Bosnia has more than enough troops and having the Saudis work with the British would capitalise on the already close defence relationship between the two countries. Saudi Arabia has bought British planes, and some Saudi officers are trained at Sandhurst.

The British-led division is based at Gorzuj Vakuf, between Muslim and Croat territory, but the Army hopes to move its headquarters to Banja Luka, in Bosnian Serb territory, if a suitable site is offered.

The British are responsible for the largest area transferred under the Dayton peace agreement, known as the "anvil", which has been returned to the Bosnian Serbs after being overrun by the Croats last summer. Military sources said yesterday that between 15,000 and 16,000 Bosnian Serbs had now returned to the area.

This week in THE INDEPENDENT

This week and every week, Section Two has a completely new look, with more pages, new features, a daily radio column and an expanded listings section providing Britain's most comprehensive daily guide to going out.

on Monday

A new section focusing on Family Life, beginning with an investigation into how children's television is threatening the family unit. In the centre pages, each week we challenge the personalities and institutions that have become icons of Nineties life. On Monday, we ask: Do we need Start the Week? Plus: In the second part of our series on the making of the modern girl, we examine teenage attitudes to sex, relationships and marriage.

and in Sport

A 24-page section with all the action from a big weekend of sport. Plus: Part one of a major investigation into the crisis afflicting English cricket. Where does our summer game go from here? And the Monday interview with Alan Shearer, the striker who doesn't mind not scoring goals for England.

on Tuesday

Part three of the making of the modern girl: how the Nineties generation gets what it wants. Plus: Health - a new treatment for chronic fatigue.

on Wednesday

Theatre, midweek travel section, your money, finance and law. Plus - Final part of the making of the modern girl: what the future holds for the teenager of the Nineties.

on Thursday

All our regular features, including Dilemmas, John Walsh's column, plus film, education and graduate

on Friday

24Seven - a brand new 20-page pull-out-and-keep entertainment and listings section. Including a complete day-by-day planner for the week ahead, plus

seven-day TV, radio and satellite listings, ticket offers and informed comment on the week's highlights.

Tuesday

British Board of Censors

plus. In the back pages, William Hartston's history of the world in 10 1/2 inches

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Nagasaki stirs right-wing rage over museum

Tokyo — Six years after their major was shot and almost killed by a right-wing assassin, officials in the city of Nagasaki are once again receiving threats from ultra-nationalists who are unhappy with a new exhibition about the atomic bombing of the city in 1945.

The controversy centres on the opening of the new Atomic Bomb Museum, a 41-year-old landmark which commemorates in grueling detail the prologue and aftermath of the city's destruction on 9 August 1945, six days before Japan's surrender.

For years, critics inside and outside Japan complained that while the museum made much of the suffering of the bomb's victims, it failed to explain the events leading up to its use, especially Japanese atrocities in Asia during and after the Second World War. The revised exhibit was intended to remedy this. But after anonymous phone threats and complaints by conservative members of the city assembly, the museum's administrators have removed several of the exhibition's most controversial elements.

Photographs of Chinese civilians massacred by the Imperial Army during the notorious Rape of Nanking in 1937 have been replaced with those of victorious Japanese soldiers marching into the city.

Pictures of the so-called Bataan Death March in the Philippines, during which thousands of Allied prisoners of war died of hunger, torture or exhaustion, have been removed; in their place will be photographs of Japan's lightning attack on Pearl Harbor.

According to the *Nagasaki Shinbun* newspaper, printed texts in Japanese and English have been altered to delete such passages as the following: "Harboring feelings of inferiority towards the West on the one hand, and of superiority towards Asia on the other, Japan began to walk down the road towards colonial domination of China and Korea."

A-bomb exhibition is altered to appease nationalists, writes Richard Lloyd Parry

Panels focusing on foreign prisoners killed by the atom bomb, and Japanese aggression before and during the war, have been replaced by photographs of the bloody battle of Okinawa, in which 147,000 Japanese civilians died under an American bombardment.

Yoichi Tanaka, the director of the city's atomic bomb



Yoichi Tanaka: Failed to get Diet to agree on apology for atrocities

survivors' department, insists that the changes were made voluntarily in order "to describe history more objectively."

Privately, however, the city officials are in no doubt that the museum has bowed to right-wing elements who still maintain the justice of Japan's war, and who resent any suggestion that the country brought the atomic bombings on itself.

Earlier this month, 11 local dignitaries, including the chairman of the Nagasaki Chamber of Commerce and the chief priest of the city's biggest Shinto shrine, sent a letter of complaint on behalf of an organisation calling itself the "Society of the Rising Sun".

"There are a number of conflicting arguments about the

actualities of events such as the 'Rape of Nanking', 'comfort women' and 'forced labour', it read.

"Presenting an exhibition... when there is absolutely no consensus about these events will hinder the objective and accurate understanding of visitors". Apart from a dozen letters making similar complaints, the museum has also received threatening phone calls.

Finally last month, a group of conservative members of the city assembly lodged a formal protest.

City officials expect noisy demonstrations when the exhibition formally reopens on Monday. The spectacle of black vans draped with rising-sun flags and blaring martial music is familiar in Japanese cities, but in Nagasaki it has a particularly sinister resonance. In 1990 a former mayor of the city, Hitoshi Motoshima, was shot in the back and critically injured by a right-winger after he stated that the late Emperor Hirohito "bore responsibility for the war".

In the run-up to the 50th anniversary commemorations last August, controversies about the war smouldered on both sides of the Pacific. The former prime minister Tomiichi Murayama

laboured for months to pass a resolution in the Diet apologising for the country's wartime misdeeds. But even a watered-down compromise motion was angrily denounced by the right.

Ironically, the Smithsonian Institution in Washington ran into similar trouble last year for diametrically opposite reasons to those dogging the Nagasaki museum. An exhibition about the *Enola Gay*, the B-29 plane which bombed Hiroshima three days before the attack on Nagasaki, was criticised for focusing on the consequences of the attack, and for raising awkward questions about the necessity of the bombing.



There were dozens of labelled chairs for the Hollywood stars in Los Angeles for the Oscar ceremonies, to be held in the early hours of this morning, London time. But there was no chair for the US film director Oliver Stone, writes Phil Davison. His film *Nixon* was up for

several Oscars but Stone could hardly have been further from the glitter of Hollywood. He was in the Chiapas, Mexico, trekking into the jungle in search of the guerrilla leader subcomandante Marcos. The poetry-writing Marcos is the man Mexican women have

voted the one they would most like to make love to. The joke going around Chiapas yesterday was that, when the guerrilla leader said he would be glad to meet in the jungle with a Hollywood star called Stone, it was Sharon he had in mind. Photograph: Reuters

River to run free through Grand Canyon

DAVID USBORNE
New York

More than three decades after building the Glen Canyon Dam in northern Arizona and perverting the rhythms of the mighty Colorado River as it beads into the Grand Canyon, man is to attempt today to make at least partial amends. At sunrise this morning, the US Interior Secretary, Bruce Babbitt, will unwind a giant valve at the base of the dam and unleash a swirling torrent that scientists hope will recreate what used to be a regular phenomenon in the canyon at this time of year: a spring flood.

The hope is that the seven-day surge will do for the canyon what nature used to do for itself: trees and scrub will be scoured

out and huge quantities of silt will be transported downriver, rebuilding sand beaches and creating new pools for fish to spawn.

"This is about restoring one of the most amazing, most beautiful places on earth," Mr Babbitt argued. "We've gotten all the groups to work together — environmentalists, power users, Native American tribes, irrigators — because we share a common purpose of protecting a sacred American place".

For the week that the valve stays open, the flow will be roughly equivalent to half of what passes over the Niagara in summer. In the Grand Canyon, river levels will rise by about 2ft. It will take roughly one day for the surge to travel all the way through the canyon to Lake Mead on the Nevada border.

Ecologists have long bemoaned the impact wrought by the dam which was built in 1963 to provide hydro-electric power and water for irrigation in six south-western states. The river is 20 degrees colder than it used to be and is clear rather than its natural turbid brown. Scientists calculate that until 1963, spring floods would send some 65 million tonnes of sediment from Glen Canyon to Lake Mead. Since then, the flow of sediment has diminished to about 2.9 million tonnes a year.

The flood will also provide a special treat for river rafters. A

limited number of rafting companies have been given permission to ride the unusually strong rapids for the week, even though the normal season does not start until April.

There may be some less welcome side-effects, however. Trout fisheries at the head of the Grand Canyon may suffer some damage and scientists fear that marsh areas that have become the habitats for rare species of frogs may be wiped out.

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Confidence in the British government and economy, however, is not high. Continued uncertainty will be bad for the pound on the foreign exchange markets.

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Farmers must take action

Only the voluntary slaughter by farmers of tens, possibly hundreds of thousands of cattle can restore public confidence in the beef industry. The only way of eliminating the commercial threat to the future of the industry is to eliminate beyond a shadow of a doubt the threat it poses to the consumer. That can only be achieved by eliminating all suspect cattle from herds and replacing them with clean cattle probably brought in from abroad. Only the pursuit of the very highest standards will now save the industry from years, perhaps decades of slow decline.

For far too long ministers have put the interests of the beef industry ahead of the interests of consumers. The risk to the industry of tighter regulation and higher standards has been judged greater than the risks to the health of the public. Now both ministers and the industry are learning a painful lesson: in the long run if you take risks with consumer confidence you risk the future of the industry itself.

The industry is in need of a restructuring as great as the car industry in the late Seventies. By the late Seventies many ageing car plants were hopelessly uncompetitive, weighed down with outdated equipment and antiquated working practices. The British car industry is back on its feet after a massive capital reconstruction, the importation of foreign management and production methods and sweeping changes to working practices. The beef industry faces no less of a challenge and should learn from some of the lessons so painfully learnt in other industries which have had to change radically to keep the trust of their consumers. It will require far-sighted, professional and at times ruthless leadership in pursuit of the highest standards of quality and safety.

That was the message ministers delivered in the House of Commons yesterday by announcing that the Government does not plan to stem the crisis by ordering the wholesale slaughter of cattle, the measure that would have done most to restore confidence. As a result, the crisis for the beef industry will roll on and its adjustment to reality may take longer than it should.

The market will run its course. If politicians will not enforce higher standards on the industry, consumers surely will, by refusing to buy British beef. The British beef and dairy industries almost certainly will be left with a lot of unproductive, if not useless, assets in the form of cows, land and equipment, now worth far less than a week ago.

Two courses of action face the industry. It may hope that very few cases emerge of the new strain of CJD which is linked to BSE. It could disappear into its bunker, deny the scale of the problem and hope it may emerge in months, if not years, far smaller but still intact. The danger of that piecemeal approach is huge: the industry may never escape the shadow it is under. British beef will be as tainted as British cars were in the Seventies. It could take the industry a decade or more to rid itself of such a bad reputation.

So a radical and far-reaching strategy clearly to put its house in order is essential. For the far-sighted farmer, that should involve the voluntary slaughter of any cows at the slightest risk of contracting BSE and the importation of completely clean herds and processes from abroad. It is time for the farmers to reassure their consumers: only actions will do.

Local democracy in poor health

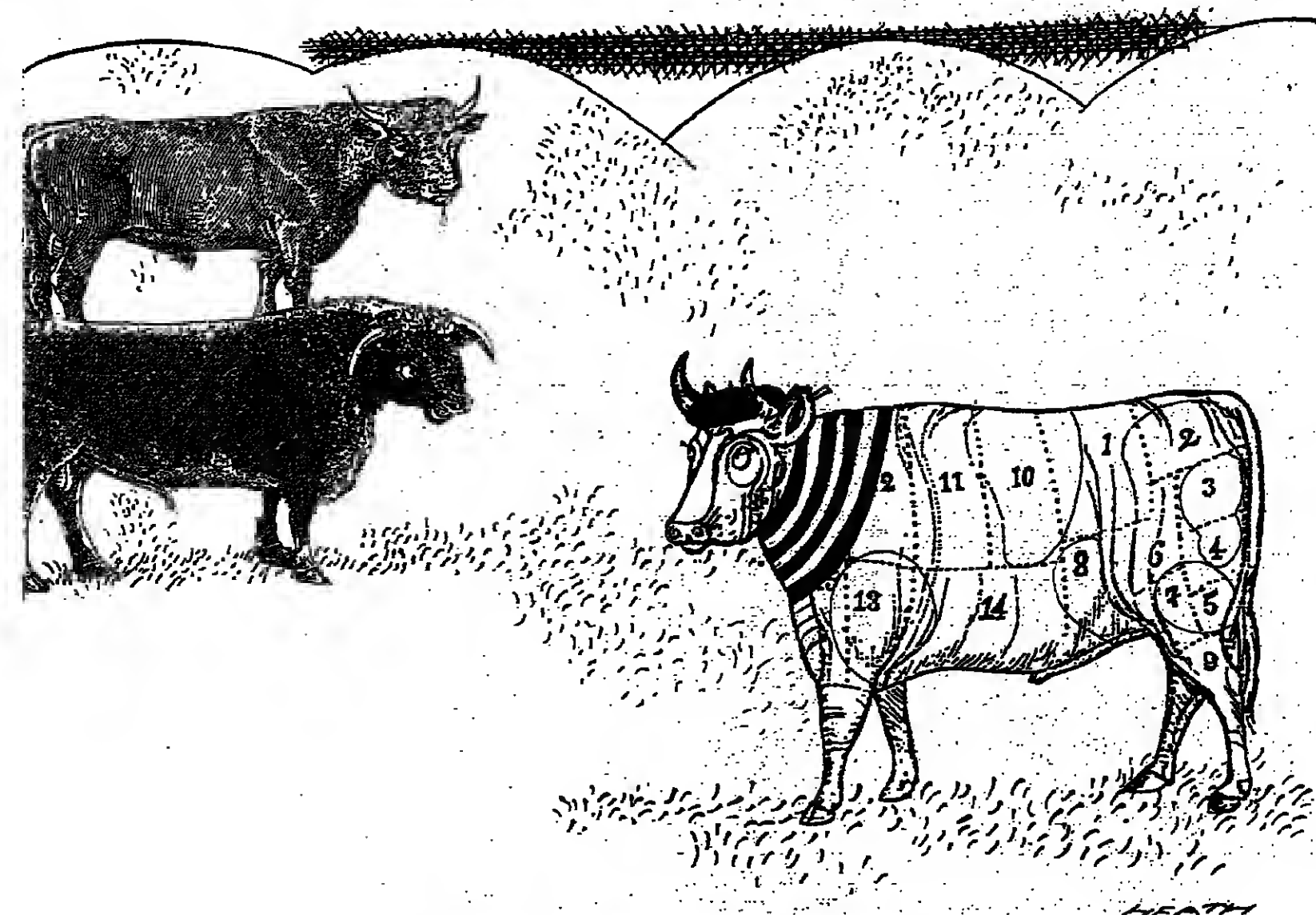
For the sake of a petty plot, Tory councillors in Westminster are said to have housed 150 families in tower blocks with a known asbestos problem. They subsequently did nothing to monitor the families' health. This is a gruesome cynicism even by the standards of Westminster councilors - in a report commissioned by the current Tory leadership from an unimpeachable county official - turn out to be the same crew whose policies for housing the homeless were labelled as culpable and surchargeable by the District Auditor.

Lady Shirley Porter, the council's flamboyant leader in the Eighties, made local government live a little: she was a personality with vision and ambition. Local government has all too few of them. Yet her administrative record was a disgrace - we have the word of the District Auditor, John Magill, on that. So it's no wonder Labour is jumping up and down at being handed yet more evidence of the Conservatives' record for sleaze in government, local as well as central. After all, the Tory Party chairman Brian Mahoney's eyes and ears are ever twitching on the look out for examples of local Labour extravagance or wrong-doing. But Labour should be wary. Loony leftism as demonstrated by Lambeth and Liverpool in the Eighties is still fresh in the memory. According to figures provided last week by the Audit Commission, both of them have a long way to go before they can be said to be providing residents with even minimally efficient services.

So before engaging in another bout of ritualised mudslinging, all those who care for the health of local democracy - as well as the health of people as vulnerable as those families stuck in the poisonous blocks by Westminster - should pause. If local democracy worked, the voters of Westminster would have turned out the Tories long ago. Unfortunately, in Westminster, as in the mostly Labour fiefdoms in big inner cities, democracy has become so clogged that ruling parties often seem immune from electoral retribution. That is why the public needs external watchdogs such as the Audit Commission.

Yet the Westminster saga has shown these are imperfect instruments of accountability. Mr Magill has been investigating Westminster for six years. His provisional report appeared two years ago. When he produces his final report sometime in the next month that will not be the end of it. Appeals will drag it out even further. The Audit Commission seems unable to investigate other important questions such as the distribution of central government grants to councils. Westminster's unparalleled good fortune in receiving such proportionately high revenue grants demands some unbiased study.

It is, primarily, up to local government to clean up its act. Westminster councilors should pull out all the stops to offer the affected families advice and help. The chief executive, Bill Routis, is trying to make a fresh start for the council by issuing a code of corporate behaviour that could become a model for other local authorities. That would make a refreshing change from Lady Porter's days.



'Bloody foreigners! Coming over here and taking our jobs!'

LETTERS TO THE EDITOR

Why we cannot know for sure that BSE-infected beef is harmful to humans - and why that is no comfort

Sir: The absence of proof that BSE causes CJD is frequently used as an argument for the safety of eating beef products. It is true that no causal link has been established, but I should like to explain what kind of evidence would be required to prove that BSE causes CJD.

An experiment might start with a large number of paired individuals, one of each pair being placed in group A, the other into group B. Each group would be treated identically except that where any bovine products are involved, these would come from BSE-free cattle for group A and from BSE-infected cattle from group B. The incidence of CJD in each group would be monitored over a period of time - 20 years or so. If more members of group B than group A developed CJD, a link would be suggested between BSE and CJD. If none of group A developed the disease, but most of those in group B did, the evidence would be overwhelming and the link established.

Naturally, no such experiments have been done and therefore no proof of a link exists, but this is no kind of reassurance. The recent appearance of BSE, followed by a new form of CJD, strongly suggests a connection between the two. Prion diseases violate the usual rules of transmission of other infections and therefore should be given a wide berth. A deeper understanding of the molecular mechanisms of infection can only arise from research. Indeed, had the farmers' organisations been seriously concerned about the health of their stocks in the past, they could have invested in scientific research themselves to discover the bases of scrapie and BSE transmissions and hence how to eradicate them.

Dr MARK S BRETSCHER FRS
Laboratory of Molecular Biology
Medical Research Council
Cambridge

Sir: I have listened to the debate on health risks attached to eating beef with increasing frustration and amazement. In the frenzy to cast blame on either the Government or the farming fraternity, two issues are being overlooked.

There is a farming system which has been producing BSE-free beef for many years. Beef produced on registered organic farms has never been subjected to the insult of feeding animal remains to a ruminant species. Nor has the use of organophosphate compounds (which may well be heavily implicated) ever been allowed. Beef cattle come from closed herds where the parents are alive and well. Every organic beef carcass sold can be traced directly back to the farm where it was born and thus its parentage established.

However, far more important is the issue of why BSE happened in the first place. Has it never occurred to the mass of British shoppers that their relentless quest for cheaper and cheaper food has led to the debasement of our food production methods? The only way British farmers can respond to this is to find cheaper and cheaper food sources - dead sheep in the case of beef cattle - and resort to using more and more potent chemicals, whose long-term effects are unknown, on both their land and livestock. There is no point in complaining about BSE, broiler chickens, battery farming or live exports, unless one is prepared to put one's money where one's mouth is and only buy from farming systems that farm with respect for both the animals and the environment.

CHARLOTTE REYNOLDS
Buckland St Mary, Somerset

Sir: Hamish McRae (22 March) argues that commercial competition can deliver public health and that governments tend to make a mess of things as they have done in the case of BSE. The problem is that what you do not know about can harm you, and life is too short to know everything about meat production, genetic tampering, sperm-damaging chemicals and the rest of the long list of things that pose threats to health and nature. To be the text-book free-market consumer would be more than a full-time job, so I subcontract part of my consumer choice to elected representatives and their advisers. I trust them even less today than I did a week ago, but that does not mean that I want to go it alone and try to make sense of the mass of contentious scientific literature, dubious marketing claims and other judgements required to inform choice.

CLIVE BATES
London N16

Sir: There are remarkable similarities between the current BSE/CJD scare and a brain disease known as kuru, once common in the highlands of Papua New Guinea. Kuru, like BSE/CJD is a fatal prion disease passed on through eating infected meat. A kuru epidemic was averted through a complete ban on eating the meat of the offending animal (in this case *Homo sapiens*). No one born since 1959, the year cannibalism ceased in the PNG highlands, has died from kuru.

There may be important lessons to be learnt: the probability of catching a disease from eating meat will probably be greatest from those animals to which we are most closely related. This is why cannibalism is so rare in nature. I recommend eating more distant relatives such as fish, or even better, insects!

Dr RICHARD J. LADLE
London W5

Sir: The division of opinion on the effects of eating beef is nothing new. A writer of the first Elizabethan era in the *Hauken of Health* (1584) says "Galen affirmeth yf [that] beife maketh grosse bloud and engendreth melancholie, especially if such as does eat it be of melancholy complexion". This may well have spurred Sir Andrew Agnew to say in *Twelfth Night*: "But I am a great eater of beef and I believe that does harm to my wit." Conversely another contemporary writer, Hall, said, "Keepe an Englishman one moneth from his warme bed, fat beife and stale drynke, and let him that season last colde and suffre hunger, you then shall see his courage abated".

Then, as now, the French were nervous about the effects of British beef. The Constable in *Henry V* says of Henry's soldiers: "Give them great meals of beef and iron and steel, they will eat like wolves and fight like devils".

PETER MAYES
Bloxham, Oxfordshire

Sir: Once the farmers have been fully compensated for the slaughter of their herds due to BSE, can those of us in other industries expect the taxpayer to treat us similarly should our businesses fail?

CHRISTINE SMITH
London E1

Sir: As a gay man with vegetarian leanings, might I expect to hear former Chief Constable James Anderton now tell CJD-afflicted meat-eaters that they are swimming in a cesspit of their own making?

JAMES SCOTT
Milton Keynes, Buckinghamshire

Sir: Today (reports 22 March) we are told that "the more educated the household, the less likely it is to eat meat". On the same page we learn that the vast majority of the Cabinet are unrepentant beef eaters. Could this explain the state of the nation?

KENNETH RICHARDSON
London N7

Sir: The only thing known for certain about BSE in cattle is that it causes hypochondria in humans.

BASIL DEWING
Great Malvern, Worcestershire

Saving young drop-outs

Sir: Wednesday's timely report by the British Youth Council on young people is the latest in a line of recent research reports. Last week's, by Training and Enterprise Councils, revealed how over 100,000 young people aged between 18 and 20 were falling through the net of educational and training opportunities.

We do not need any more research. Action to help them is urgent. Such action needs to concern itself for the long-term with remedying deficiencies in schooling or training. But it must also find ways of working effectively now with those who have dropped out. In this context, modest investment in Britain's youth service with its mosaic of projects, including the Prince's Trust, and street-based youth workers would do much to lift levels of basic skills, promote social inclusion, and restore hope to the young underclass.

TOM WYLLIE
Leicester

Boundaries of political science

Sir: David Gardner (Letters, 16 March), is wrong to assert that the study undertaken for the BBC and ITN constitutes "the only serious independent academic study" of the impact of changes to constituency boundaries. In a paper to be published shortly in the *British Journal of Political Science*, we employ an alternative approach which produces a figure very similar to that of Dr Mahoney.

Interestingly, in the light of your earlier report on the battle for the Labour nomination in Swindon North, that seat provides the best example of the scope for disagreement. Using local election results (the BBC/ITN method) suggests a Labour lead of almost 1,000, basing the estimate on changes to the socio-economic composition of the seat (our method) indicates a Conservative majority of over 7,000.

Estimating the outcome of hypothetical contests is an inexact science.

Professor RON JOHNSTON
Dr DAVE ROSSITER
Department of Geography,
University of Bristol
Dr CHARLES PATTIE
Department of Geography,
University of Sheffield

High culture in medieval Ireland

Sir: Andrew Barr (letter 22 March) suffers from the same culpable ignorance that afflicted his English ancestors in the 12th century, when they "really did believe that the Irish were a backward people".

Where does he think the Book of Kells came from? Could a people "barely emerged from the Stone Age" have produced it?

Before the Anglo-Normans set foot in Ireland, that country was world renowned as a centre of literary, medical and religious studies. Irish monks spread their learning throughout Europe and the Anglo-Saxon lands.

Among their social classes - elected kings, warriors, priests, poets, lawyers and farmers - land was held in common and women had a high status. Their sophisticated Breton laws were more concerned with resolving disputes than inflicting punishment. Backward?

S SIVYTH
London NW7

Sue Lawley, this is your interviewing style

There has been criticism recently of the way Sue Lawley conducts conversations with her guests on *Desert Island Discs*, with some people thinking that she adopts too fierce a tone, and other people tending to agree with that. In order to give her a chance to defend herself, we now bring you this exclusive interview with Sue Lawley, conducted under strict Sue Lawley rules.

Sue Lawley, you were born on 14 July 1946. Did this come as a great shock to you?

Well, in what sense?

There you were, one moment, a happy little embryo in your mother's womb, the next moment dragged kicking and screaming into a world that no one had consulted you about. And it was not the ideal world to be born into. Europe was war-torn and shattered. Rationing was rife. Britain was in debt and the Empire had come. Things looked pretty grim.

Well.

So who did you blame? You must have felt outrage at being born into such a depressing world, so who did you think should take the responsibility? The government? The Americans? Or was it your parents?

No, I...



MILES KINGSTON

Was there ever a time when you felt that one or both of your parents should have resigned over this?

Not particularly, because...

Then came the 1950s, Sue Lawley. You went to school in Worcester. Then came the 1960s. You went to Bristol University. The 1950s were the era of Elvis Presley and the Angry Young Man. The 1960s saw the Beatles and the birth of the modern era. Yet all you did was go to school and university in the provinces somewhere between here and Wales. Not exactly an exciting way in which to pass two crucial decades, was it?

Well, at that age...

At Bristol you studied modern languages. Some people would say that your subsequent career, in which you have publicly spoken nothing but English, was a betrayal of your university teachers' efforts to

make you a polyglot - even worse, a waste of taxpayer's money.

Oh, I don't think...

There was, I believe, more than one embarrassing incident at Bristol University involving you.

Well, if you are thinking...

Then you emerged into the 1960s, a time when young people finally found themselves as a generation, and did their own thing, a time of Woodstock and the Rolling Stones and drugs and Indian gurus and sitars and the Oz trial!

However, you chose to celebrate this decade of freedom and individualism by taking a Thomson Newspapers graduate trainee scheme with the *Western Mail* in Cardiff, then going to BBC Plymouth as a junior reporter. Hardly a case of doing your own thing and letting it all hang out, some might say.

Yes, I suppose...

You also got married, not once but twice. The fact that you got married a second time suggests very strongly that your first marriage was a failure.

Yes, it...

You must have been devastated at the time.

What time?

So there you were, Sue Lawley, nearing 40 and apparently not making a go of it. You couldn't make up

your mind about marriage, you couldn't make up your mind whether you were a journalist or broadcaster, an interviewer or reporter. Then out of the blue in 1988 you were offered *Desert Island Discs*. You must have thought: here's a cushy little billet!

Oh, no, I...

Desert Island Discs had been created by Roy Plomley as a friendly haven where he and a guest would chat amiably about the guest's life and tastes and music. You, however, have turned it into something very different. You have tried to make it confrontational. If a politician comes on, for instance, you find it hard not to ask him when he first realised he would never be Prime Minister.

No, I don't think that's...

You yourself have been known to refer to the programme as an interview or even a cross-questioning. It has now got the point where Roy Plomley's widow, Diana, has publicly expressed unease over the fierce style you have adopted. It must be very distressing for you to be disowned by her.

No, I...

We now come to the Gordon Brown affair, over which many people felt that you should have resigned...

Company law stifles enterprise

Sir: John Monks (Letters, 20 March) makes a point of great importance which is undiminished by the fact that it is not new. In 1973 a CBI report on *The responsibilities of the British public company* (the Watkinson Report) also underlined the inadequacy of a company law which made shareholders the sole legal beneficiaries and stated as a principle of corporate conduct that "the board has to forge closer relationships with its employees towards a common purpose". The report and its recommendations were promptly shelved.

Last year the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) published the result of an imaginative initiative, *Tomorrow's Company*, which argued that only the "inclusive" company, which effectively balanced the interests of all its stakeholders - employees, customers and community, as well as shareholders - would thrive in an increasingly competitive world. This too is likely to suffer the same fate as Watkinson unless it is pursued with greater vigour and wider business support than at present appears probable.

The problem is the ease of measurement of the present sole legal obligation through a financial "bottom line" which allows companies to be judged - and then bought and sold - simply as properties, rather than being regarded as dynamic entities which exist to provide a product or service profitably through the harnessing of human, financial and technological resources.

Additional measures of performance therefore need to be urgently sought. If companies had to report on the enhancement of their human potential through investment in skills and training and if company takeovers had to honour these obligations, which could be simply enforced in law, then perceptions and actions would begin to change.

Exhortation is not enough. Perhaps with the publication of the two *Competitiveness White Papers* and their depiction of our inadequate industrial performance, and with the diminishing party politicisation of both CBI and TUC there may now at last be a chance of action.

Sir GEOFFREY CHANDLER
London SE10

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

Labour goes for the jugular

The Tories seem more concerned to save the meat industry than voters' lives. This mistake could prove fatal

There is only one absolutely safe prediction to be made about the beef and brain disease affair: the Government's attempt to reassure the nation will calm no one, and harm the Tory cause. All ministers' carefully-worded pleas not to panic, and to carry on eating beef, will sell barely a single extra pie, rump steak or liver.

Why? Because there are too many competing interests in Whitehall, and everyone knows it. The Government's chosen posture on the public health issue has been that of a pipe. Stephen Dorrell stresses the independence of the scientific advice and merely passes it on. He says, in effect, "I am a conduit. I have no views myself."

This is an abdication of the traditional role of politics, to lead and shape opinion. Behaving this way is not bold, though it is honest and rational. But by making this choice, Dorrell also ensures that he himself will not be listened to. After all, he is no authority. He says so himself.

He has, of course, a committee of scientists who give guarded, provisional advice, and who seem uncertain about most of the important questions: how cows get BSE; how much of a carcass is affected; whether it really passes to humans, and if it does, how many of us might die. They are as near as we have to an authority, but it is not very authoritative authority, for we know that other scientists disagree and paint a much more alarming picture.

Indeed, we may well prefer the other scientists, including the ones derided or sacked for their earlier "alarmist" advice. With the best will in the world, the government conduit for scientific advice is bound to be a bit polluted. Just as journalism con-

tains a bias in favour of hysteria, so there is, inside government, a bias in favour of reassurance, farming and business as usual.

Dorrell himself may be focused on public health - I believe he is - but he and his committee are surrounded by ministers and civil servants with many other things on their minds, mainly costs. In cabinet committees and elsewhere they are thinking about the price of destroying millions of cattle, of paying social security to unemployed farmworkers, introducing new inspection systems, infuriating the farming vote. They are thinking about public borrowing, growth forecasts, rural feel-good, the reputation of Maff, the possibility of legal action.

These are interesting things to be thinking about. But if you are trying to discover whether eating spiced beef will punch holes through your brain, then they are beside the point. As a consumer, you badly want advice that isn't distracted by the administrative, financial and political nightmare facing the Government.

Yesterday, Labour rammed the ministers' dilemma home by turning the crisis party-political. Harriet Harman, Labour's health front-bencher, fighting hard for her place on the shadow cabinet, made a ferocious assault on the bona fides and record of the Conservatives. Dorrell had learned no lessons from last week, she told the Commons; it was all caused by "deregulation fuelled by complacency".

It was crude, unfair and, I expect, highly effective. Harman's savagery caused real anger on the Tory benches. Some shouted "outrageous" and sounded, for once, as if they meant it. Sir Patrick Cormack attacked the



ANDREW MARR

For once the Tories are behaving with a woeful lack of cynicism

"urban panic being fomented by the benches opposite". Tony Marlow shouted "stupid cow". Dorrell complained that Labour was "retreating around for party political advantage in the sewers of politics".

I'm not sure whether ferrets hang around in sewers, but I do know that party advantage was exactly what Harman was looking for - and finding. She was painting Labour as the party of innocent, hamburger-loving children, parents, grandparents and so on, and the Tories as the party of farming barons who bring up cannibal cows in sinister rural factories and then howl for compensation when things go wrong.

Do we suppose that had Neil Kinnock won the 1987 general election, Old England would have been a land of skipping organic cows, in which all scientific advice was immediately published and acted on? We do not. But there is enough evidence of the close link between the Conserva-

tive Party and agriculture for this Harman caricature of the Tories as a party of vested interests to be plausible.

The Tories hold the vast majority of farming constituencies. Wealthy farmers and landowners don't only contribute to party funds; in many places they are the heart and spine (as well as kidneys, nervous tissue and brains) of the local associations.

In extremis, it is always possible for parties to disassociate themselves from that kind of core support. But it is very difficult and painful, as Labour demonstrated during the coalminers' strike.

Tactically, Labour is trying to ensure that the Tories stick by their farming friends at the possible expense of the rest of us. After all, Tony Blair leads one of the most urban parties in Europe. He can count. And the Conservatives are tumbling straight into the trap. Politically, they haven't thought this through. For once they are behaving with a woeful lack of cynicism and ruthlessness.

For, of all the ways in which the BSE crisis can hurt the Conservatives, this is the most dangerous. The financial cost of widespread destruction of cows can always be funded: the effect on social security and national growth would be bad, but not necessarily terminal.

But the idea that the Tories are more worried about the price of beef, farming incomes and the survival of a strong exporting business than the possibility of people dying from avoidable brain disease, is politically lethal. It is only one more example, though a dramatic one, of the central message that Labour is trying to broadcast: the Gov-

ernment is on the side of vested interests, not the common good. Suburban Tory MPs know this and are, in private, very worried.

Rightly, these are crucial months for the Conservatives. There had been the beginnings of political recovery sighted in the bowels of polling statistics and local council by-elections. Money was coming into the economy from maturing Tessa accounts and building society mergers, with the promise of Budget largesse to come. The Conservative press was returning to the fold.

What the Government badly needed was a slow build-up of support into the summer. What they badly didn't need was the discovery by some scientists in Edinburgh of strange, floral designs in the brains of dead teenagers.

But they got it. Increasingly, to govern is to react, as well as to choose. In this case, ministers have chosen wrongly. Because of their connection with farming and the food lobby, they were never going to be an effective source of public reassurance where scientists were divided.

Politically, the reaction would have been better had Dorrell invited those scientists and farmers formerly derided as scaremongers to join his committee; and said some brutal things about being uninterested in the economics of the farming crisis; and concluded that, however remote the risk, he wouldn't advise children to eat hamburgers. But the overall tone of yesterday's statements was, once again, a quavering appeal for calm. I have a feeling that this is going to turn out almost as badly for Conservatives as for cows.

Kohl's victory for federalism

The German chancellor's weekend electoral triumph strengthens his hand in EU talks, says Imre Karacs

A rejuvenated Helmut Kohl will stride onto the European stage this weekend, his resolve to force the pace of integration stiffened by last Sunday's breath-taking triumph over the domestic opposition.

The greatest challenge so far to his federalist vision for Europe lies in ruins. The Social Democrats of the southern Land of Baden-Württemberg, who had campaigned against European Monetary Union, were routed in Sunday's elections to the regional assembly. Popular SPD leaders also plunged to new depths in two other states - Schleswig-Holstein and Rhineland-Palatinate - their supporters seemingly dismayed by the national leadership's erratic course on Europe and the economy.

With that test out of the way, and no major elections due until 1998, Mr Kohl is now able to broaden his crusade. On Friday, the German Chancellor will take on the rest of Europe at the Inter-Governmental Conference in Turin, offering up the Deutschmark on the altar of closer political union.

Euro-sceptics who had assumed that the Chancellor would be in no position to make that bargain must start their calculations anew. They had taken solace in opinion polls highlighting German hostility to EMU and indifference to European Union institutions.

Only yesterday, a Europe-wide survey published by Focus magazine was claiming that a mere 38 per cent of Germans were in favour of the currency that is due to take over in 1999 - the same proportion of voters as in Britain. That is probably a fair reflection of popular opinion, yet other polls have indicated that a majority of Germans believe the Euro will be born on time, and, when asked for their choice of the midwife, most opt for Helmut Kohl. In contrast, the SPD enjoys the confidence of a pathetic 6 per cent of the population on this matter.

The reason for this discrepancy lies in the SPD's failure to confront Mr Kohl's woolly vision with hard economic facts. The Social Democrats' national chairman, Oskar Lafontaine, argues that the Maastricht criteria for EMU are bound to deflate the economies of Europe, aggravating a recession that has raised unemployment in Germany to its highest level since the Second World War. Because of the SPD campaign in Baden-Württemberg, Mr Kohl's Christian Democrats were forced to shift the debate

to the economy. Big business, Mr Kohl told election rallies in Baden-Württemberg, was in favour of the Euro. If EMU was postponed, he said, speculators would "go into the Deutschmark", boosting its value and rendering the country's export-driven industry uncompetitive. And that, he said, "would cost us hundreds of thousands of jobs." After his success on Sunday, he can rest his case.

Assuming that Mr Kohl can deliver the Euro - those bloated French and German budget deficits notwithstanding - it is certain to come with a bill attached. The price was bluntly spelled out last week by Jürgen Stark, State Secretary at the

Kohl's hardline

message is aimed at France, his closest but trickiest ally

Bonn finance ministry. "What we expect from our partners is that they should also be prepared for greater European integration in areas that are sensitive to them. There must be parallels in sacrificing sovereignty," he said.

Mr Kohl's government wants a common European policy in foreign affairs, defence, the legal and internal domains, asylum, and in the fight against organised crime. "Put it simply: we will only pay our police in Euros when they are allowed to operate across borders in Europe," Mr Stark warned.

This hardline message is aimed at France, Germany's closest - but also trickiest - ally. Implicit in the deal to sell out the Deutschmark, which France wants much more than Germany, is French support for Bonn's goals. Paris is not keen on German policemen loitering on the Champs-Élysées and would rather fudge on the other items on Mr Kohl's shopping list, particularly the EU's eastward expansion.

Mr Kohl and President Jacques Chirac stand shoulder to shoulder on extending majority voting in the community, and on their desire not to allow Britain to sabotage progress. But their agendas are so different that the British Government will have plenty of opportunity to exploit divisions. In Turin's treacherous atmosphere, Germany's master tactician will need to be at his sharpest to score another famous victory against the odds.

What are we to do when both scientists and politicians refuse to take responsibility for the risks to human life brought about by technological advancement, asks Ulrich Beck

When experiments go wrong

The admission by ministers of a possible link between mad cow disease and human death confirms the emergence of a new type of political society: I call it the "risk society"

Neglecting risks is one of the most effective ways of reinforcing them. When politicians are forced, finally, to acknowledge a new risk facing society, their credibility breaks down and the consequences of the original admission explode. That is what is happening now in Britain. The panic the British public is experiencing about the risk of their contracting a strange new disease illustrates the point that behind the wall of ignorance fear of danger runs wild.

The very act of establishing a cause of a risk - such as that between BSE and CJD - throws into relief the role of businesses, scientists and government ministers. It places them in the firing line of public accusation for taking responsibility for what has happened. Where they choose to fix the acceptable levels of risk (should primary schoolchildren eat or not eat beef?) directly influences the number of possible victims of the new threat.

Politicians can no longer rely on scientific experts to deliver answers

What on the face of it appeared to be unpolitical - how we produce and consume beef - becomes political. Suddenly, politicians extend their rule into the spheres of economics and business. The politics of dealing with risk is the exact opposite of privatisation. In the light of the media exposure, many interest groups have voices that force themselves on to the public agenda: "innocent" farmers worry about collapsing markets for their output and the instant devaluation of the capital of their industry, which now must face tougher, tighter bureaucratic regulation. Consumers worry about their safety but also about how the mammoth costs are to be shouldered.

At the heart of the politics of this risk society is the relationship between politics and science. Politicians can no longer rely on scientific experts to deliver answers. And, if you ask who is responsible for creating and managing risks, the reply is "nobody". We live in a state of organised irresponsibility.

In case of risk conflicts, politicians can no longer rely on experts in adjudication. Let's take the case of Shell's plans to dispose of the Brent Spar oil platform last summer. There was a tremendous public dispute about which was the more risky option: environmentally, to dispose of the platform on land, as the "greens" wanted, or at sea, as the company wanted. An agreement had previously been reached with government, experts and managers to go for dumping at sea, and that was the optimal solution for Shell itself. But when the company tried to implement it, the market for Shell products threatened to collapse,



Gambling with our future?

Photograph:

especially in continental Europe, and Greenpeace succeeded in getting Shell to dispose of the rig on land. All the scientific argument in favour of dumping at sea was defeated by a consumer boycott. The lesson is that industries and politicians cannot rely on scientific experts to adjudicate in conflicts over relative risks.

This is because there are always competing and conflicting claims among agents and affected groups, and they each define risks differently. Experts can only supply factual information and are never able to draw the line between acceptable and unacceptable risks. That is a job for others, mainly politicians, but not for scientists. If politicians just implement scientific advice, they get caught in the mistakes and shifting stages of scientific knowledge.

So at one moment a minister has to declare that British beef is safe and public concern is "irrational". On another day, when science has changed its view, the same minister has to admit

that he exposed the nation to danger. In the risk society, politics and morality must be given priority over shifting scientific reasoning.

The fact is that, other than in the extreme case of nuclear power, the political system does not make direct decisions about the kind of technology we use: not how to produce beef, nor whether to engineer tomatoes genetically, nor how to wrap food. The political system can regulate the workings of industry, but it cannot control them. On the other hand, if anything goes wrong, political institutions are made responsible. Politicians have to take responsibility for threats and consequences they know nothing about.

Business possesses a double advantage in relation to Parliament and the state: it has a virtual monopoly of knowledge about technology and its side effects and it is virtually autonomous in the way it makes investment decisions to apply that technology. That leaves politicians in a bad position. They must struggle to catch up with

what is going on in technological development. Most MPs get their information about technological developments through the media. Political influence on the goals of technological development remains secondary, indirect.

No votes are taken in Parliament on the employment and development of microelectronics, genetic technology or the like. This division of power over technology leaves industries with the primary decision-making power, but often without taking responsibility for the risks in the public domain. Instead, politicians are assigned the task of democratically legitimising decisions they have not really taken and don't know much about.

Take the *Sea Empress* as an example. Lord Goschen, the hapless shipping minister, turned up on television and tried to inform the public about what was happening and to take responsibility. But what was his role? He wasn't the harbour master; he wasn't the captain; he wasn't the owner of the ship; he wasn't one of the local victims; he wasn't even the Chinese cook who tried to solve the language problems. He was only pre-

This issue of who takes responsibility is important after privatisation

sending second-hand information about decisions he didn't take part in. Why didn't the owner of the tanker show up? Why didn't anybody ask what his responsibilities were?

In the case of accidents of this kind, politicians have to legitimise and take responsibility for decisions which have been taken elsewhere. This issue of who takes responsibility is important after privatisation. What happens to the safety standards on privatised railways? Does the state ever get rid of its responsibility in the eyes of the public?

We are in danger of creating a situation where alarmingly large risks are nobody's responsibility. Neuro-technologies and genetic engineering are reshaping the laws that govern the human mind and life. Who is doing this? Politicians say they are not in charge; they are at most regulate developments. Scientific experts say they are merely creating technological opportunities but not deciding how they are taken up. Businesses say they are just responding to consumer demand.

Risk politics resembles the "nobody's rule" that Hannah Arendt tells us is the most tyrannical of all forms of power because under it nobody can be held responsible. Our society has become a laboratory with nobody responsible for the outcome of the experiment.

The writer is the keynote speaker at an Institute of Public Policy Research Conference today, "Politics of Risk Society". His book "Risk Society: towards a new modernity" is published by Sage (1992).

Answers:

1. In decreasing order of danger (deaths per billion passenger kilometres in brackets): motorbike (103), walking (69), bicycle (49), ship (10.1), car (4.5), train (1.0), aircraft (0.2).
2. c). The other two are about equally likely.
3. Vipers.
4. (With accident rates) wooden spoons 95, mushrooms 14, paper-clips 8, tea cosies 9.
5. Smoking. A 10-cigarette a day person has a 1 in 200 chance of dying of smoking-related disease in a single year.
6. Playing football (1 in 25,000 per year). The comparable figures are 1 in 26,000 at home and 1 in 43,500 at work.
7. c). The annual rates are 1 in 100 for car theft, 1 in 200 for road accident, 1 in 350 for divorce.
8. b). That was how Aeschylus allegedly died around 456BC (the tortoise was dropped by an eagle), but has not, as far as we know, happened to anyone yet this year. The others occurred (a) in Budapest, (c) in Bangkok and (d) in Beijing.

William Hartston

TAKE A CHANCE AND TEST YOUR SKILL AT ASSESSING THE RISKS OF EVERYDAY LIFE

When scientists are unable to predict the consequences of their experiments, and government ministers accept their own inability to challenge, or even understand, the advice given by their scientific advisers, it is clear that as far as risk assessment is concerned, we must all make our own decisions. But how good are you at assessing risk? Try the following questions to see how good you are at assessing the risks of everyday life.

1. What chance are you taking when making a journey within or from this country? In terms of deaths per passenger kilometre, arrange the following in order of risk: a) scheduled flight, b) train, c) car, d) UK registered ship, e) bicycle, f) motorbike, g) walking.
2. If you buy one lottery ticket, which is most likely to happen? a) you win the jackpot, b) you are murdered within a week, c) you are struck dead by lightning within a year.
3. According to statistics, which professional group has the highest incidence of Creutzfeldt-Jakob disease? a) farmers, b) teachers, c) vicars.
4. Last year, the Department of Trade and Industry published a table of accidents in the home, giving the number of people who ended up in hospital as a result of accidents involving various dangerous items. Rank the following in order of risk: a) mushrooms, b) tea cosies, c) wooden spoons, d) paper clips.
5. Which is most dangerous: smoking 10 cigarettes a day for 40 years or playing one game of Russian roulette?
6. Where are you most likely to suffer a fatal accident? a) at home, b) at work, c) playing football.
7. You are an average married adult. Which is most likely to happen to you in the next year? a) injury in a road accident, b) divorce, c) your car is stolen.
8. Which of the following has not been recorded as a cause of death, somewhere in the world, so far in the past year? a) drowning in a bowl of sauerkraut, b) fractured skull by a falling tortoise, c) killed while sunbathing in a swimming pool by a person falling from a hotel window, d) acute nicotine poisoning after smoking 100 cigarettes at a sitting for a bet.

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Halifax pays £800m for Clerical Medical

JOHN EISENHAMMER
Financial Editor

The Halifax, Britain's biggest building society, bought the life insurance mutual Clerical Medical for £800m yesterday, signalling its determination to become a broadly based financial services group before converting to a bank next year. The acquisition ends months of speculation about Clerical Medical, one of a large group of middle-sized life offices which are reeling under the pressures for consolidation sweeping the sector.

Some 625,000 Clerical Medical members will get £111m of special bonuses added to their policies plus an allocation of £160m to increase with-profits asset shares which will boost subsequent bonus calculations. Clerical Medical policyholders must have taken out a with-profits policy by midnight 22 March, and must hold it until the deal is completed, which is expected to be the end of this year. For the holder of a typical £20,000 with-profits endowment policy which has been in force for 15 years, the special bonus will amount to £2,172.

The Halifax had to beat off strong competition from Abbey National, NatWest Group and Sun Alliance to clinch the deal with what analysts regarded as a full price. But the push into the life insurance sector was regarded as making sound strategic sense. Halifax has 17 million customers, almost none of whom buy long-term savings products with the Halifax brand. It is very slanted towards the short-term savings market and wants to get a more even spread of business, said Hugh Pve, analyst at BZW.



Mutual interests: (clockwise from top left) Mike Blackburn, chief executive, and James Crosby, managing director of Halifax; Michael Hamilton, chairman of Clerical Medical; and his colleague Robert Walther, group chief executive

Medical brings a well-known insurance brand name to Halifax, as well as its strong presence among Independent Financial Advisers, which is the one distribution channel where Halifax is absent. "This is an important gap which will be filled by the deal," Mr Foulds said.

In common with many other big banks, building societies and general insurers, Halifax has been keen to buy into the life and pensions market because it believes that, despite the current difficulties, it offers considerable long-term growth potential. The combination of an ageing population and pressures to reduce welfare spending is placing greater demands on personal saving and investment. "Having had a great run on home ownership over the past 30 years, the balance is switching back from mortgages to thrift, in the shape of sophisticated savings and investment products. Clerical Medical gives us another distribution channel for this," Mr Foulds said.

Clerical Medical said it contacted 40 potential buyers last summer after a strategic review concluded that its best option was to give up its 170-year independence and seek a strong parent. "When we looked ahead and endeavoured to see what we needed to support members' interests, we were concerned that at some point in the future we may be constrained by lack of capital," said Michael Hamilton, Clerical Medical's chairman.



Banking turmoil: Pay and jobs protests by Barclays staff last summer were not the end of the matter, with more cuts announced yesterday

Photograph: Edward Sykes

Barclays axes 1,000 in new round of cuts

JOHN EISENHAMMER
Financial Editor

Barclays Bank announced the loss of a further 1,000 jobs yesterday, less than a month after the high street clearer posted more than £2bn of pre-tax profits for 1995. The bank said the job cuts would be voluntary, with staff invited to take part in an "early leavers scheme".

The news sparked an immediate protest from both the Banking, Insurance and Finance Union (BIFU) and the Barclays staff association. UNIFI "This announcement comes only a week after the bank told 500 staff in its nationwide network or regional offices and 450 locally employed cleaners that there was no longer any future for them in Barclays Bank," said UNIFI, which claims to represent more than two-thirds of the bank's workforce.

It said that the worst affected areas would be in London and the surrounding area as well as South-east and North-east England. Barclays said the cuts are part of a continuing policy of cost control and rationalisation which has so far led to 18,500 jobs being lost at the bank over the last five years. "The nature of jobs will continue to change within the banking industry for the foreseeable future as we continue to concentrate on customer service roles," said a bank spokesman. He added: "We hope the early leavers scheme will prove attractive and stress that job losses will be completely voluntary."

BIFU, the banking union, accused Barclays of getting rid of some of its more experienced staff. It said the redundancy programme will remove 647 senior clerical staff by 26 July and 361 managers by the end of the year. "These are the people the bank and customers can ill-afford to lose," said Rob MacGregor, assistant secretary of BIFU. "We're talking of some of the most experienced managers and clerical staff left in Barclays."

Securicor revamp lifts Cellnet bid hopes

MARY FAGAN
and NIGEL COPE

Securicor, the security and Cellnet communications group, yesterday announced it was to sweep away its archaic multi-tier voting structure in a move that immediately fuelled speculation that the company was intent on selling its 40 per cent stake in Cellnet, the mobile telephone operator.

Securicor will combine its twin company, Security Services, in which it owns a 51 per cent stake, into one holding company called Securicor. It is scrapping its three different classes of shares, with the trustees of the original founders surrendering control. The move pleased the City and Securicor's shares moved 200p higher at £18.05. One analyst said: "It's long overdue and people have been looking for a simplification for some time. The company has been over-complicated."

Another said: "It will make the stock more liquid and the company easier to understand. A lot of institutions refuse to buy shares in companies with two-tier voting structures." The City immediately started to speculate on the implications for Securicor's Cellnet stake. The Government last year blocked an attempt by Securicor to sell the Cellnet stake to BT, which already has a 60 per cent holding, by refusing "at present" to lift the ban on BT taking 100 per cent of the mobile company.

However, Sir Peter Bonfield, BT's new chief executive, is known to be keen to achieve full ownership. With competition increasing and the Orange flotation proving popular it is possible that the DTI might change its mind. There is also a view that a Labour government would look more favourably on the move, which BT has pursued since 1982.

City analysts believe that BT would have to pay about £1.5bn for Cellnet, which accounts for about 70 per cent of Securicor's profits. When the sale was prevented last year Securicor said that it would not rule out disposal to a third party or "some sort of flotation". The group said yesterday that no discussions are taking place with BT or any other potential buyer and that "the directors believe that the interests of shareholders will be best served by retaining the Cellnet stake for the present". However, it added: "Nevertheless, all options will be kept under review."

Philips shares plunge after profits warning

PETER RODGERS
Business Editor

Shares in Philips, the Dutch electronics giant, plunged 11 per cent yesterday after its president, Jan Timmer, gave an unexpected profits warning at the company's annual meeting. He said profits in the first quarter will be substantially below those of a year ago because of a weak consumer electronics market and lower demand from the personal computer industry. The warning reinforces gloom about the prospects for European economies this year. It came after a year of buoyant profits in which Philips appeared finally to have put behind it the financial problems and heavy job losses of the early 1990s. Philips shares fell 7.2 guineas to 59 guineas (£23) in heavy trading.

Analysts said this was not the start of a repeat performance of earlier troubles. But they were surprised by the need to put out a formal warning, which indicated that the likely fall in first quarter profits could be much larger than the market has expected. Michael Molenaar of Theodor Gilissen said market conditions, particularly in Europe, looked tough. "If you look at prices in the shops, they're under pressure and the German economy is still weak. It's going to be very difficult to turn things around," he said. Philips denied that the warning could be related to the Grundig subsidiary, whose restructuring is costing 3,000 jobs and heavy provisions, which have already been announced. The impact of falling demand could spread to the UK, where Philips makes electronic components, but company

sources said there was no reason to see this as leading to job losses. Mr Timmer said: "Net income from normal business operations in the first quarter of 1996 will be substantially below the excellent first quarter of 1995." "The shortfall is mainly caused by the continuing weak market conditions for consumer electronics in Europe and the USA. Moreover, lower demand from the PC industry is negatively affecting the profitability of PC monitors and semiconductor products." Philips said that it planned to do everything possible to avoid a fall in earnings for the whole of 1996. Net profit was 544m guineas (£214m) in the first quarter of 1995 and 2,688m guineas for the whole of last year. "First-quarter profit from ordinary operations could be as



Shortfall: Philips chairman Jan Timmer

Review fuels jobs fear at 'Financial Times'

MATHEW HORSMAN
Media Editor

Fears of job cuts at as much as 10 per cent at the *Financial Times* yesterday prompted a promise by the newspaper's editor, Richard Lambert, that any staffing changes would not "damage the quality of the newspaper" and that full details of any redundancy programme would be announced by next week at the latest. A full-scale review of costs and editorial systems at the venerable financial title is nearing completion, and is expected to yield radical prescriptions about staffing, budget systems and other management issues. The review has been dubbed Century Bold, the name of a newspaper typeface, to reflect its scope and range.

The *Financial Times* chapel (branch) of the National Union of Journalists last week suspended the involvement of Century Bold working groups, pending clarification from the company about redundancies. In a letter to staff, Mr Lambert said he was "not yet in a position" to say if changes being recommended would lead to redundancies, but promised that any job cuts would be achieved through voluntary departures, "as far as possible". Mr Lambert insisted there were no plans for job cuts on a "wide top-down basis". Last night he defended the review, being undertaken at the direction of Stephen Hill, the paper's new chief executive, saying "a lot of good ideas have come out". He stressed that "nothing had been decided" and that any rumours of 10 per cent cuts had come "out of the sky". The paper, one of the most highly staffed national titles, has been widely expected to follow other newspapers in announcing job cuts.

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STOCK MARKETS									
FTSE 100									
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low	Yield (%)			
FTSE 100	3681.90	-25.10	-0.7	3781.30	2954.20	4.03			
FTSE 250	2296.50	-7.80	-0.3	2304.30	2000.90	3.43			
FTSE 350	1254.00	-10.60	-0.8	1289.00	1182.50	3.90			
FTSE 400	2095.78	-0.73	-0.0	2086.51	1678.61	3.06			
FTSE 450	1833.81	-9.70	-0.5	1864.59	1469.23	3.83			
FTSE 500	3552.53	+15.89	+0.4	3583.90	2832.08	2.13			
FTSE 550	20915.44	+214.52	+1.0	21118.30	14485.40	0.76			
FTSE 600	11111.76	+85.03	+0.8	11194.48	6967.93	3.36			
FTSE 650	2510.32	+6.30	+0.3	2510.32	1910.96	1.62			

Source: FT Information

INTEREST RATES

Short sterling*

Year	Rate
1980	9.20
1981	8.50
1982	8.80
1983	8.20
1984	8.50

UK medium gdt*

Year	Rate
1980	8.6
1981	8.2
1982	8.4
1983	8.0
1984	8.2

US long bond

Year	Rate
1980	9.0
1981	8.5
1982	8.8
1983	8.2
1984	8.5

*All New Market issues

* Treasury 15 Year

Money Market Rates

Rate	1 Month	1 Year
UK	6.30	6.31
US	5.38	5.56
Japan	0.53	0.78
Germany	3.31	3.32

Bond Yields *

Rate	1 Month	3 Months	6 Months	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year
UK	6.30	6.31	6.36	6.35	6.12	5.85	5.52	5.45	5.45
US	5.38	5.56	6.25	7.05	6.99	7.22	7.22	7.22	7.22
Japan	0.53	0.78	2.22	3.92	4.72	4.72	4.72	4.72	4.72
Germany	3.31	3.32	3.31	3.19	3.19	3.19	3.19	3.19	3.19

Source: Bank of England

MAJOR PRICE CHANGES

Rises				Falls			
Index	Price	Change	%	Index	Price	Change	%
Securicor Group	1055	67	6.2	Northern Foods	183	16	8.0
Inchcape	272	15	5.5	Guinness Plc's	68	5	7.5
Firstbus	186	6	3.3	Unilever	437	30	6.9

Q1
Q2
Q3
Q4

CURRENCIES

The figure consists of three line charts arranged horizontally, each showing the exchange rate of the British Pound (£) against a different currency over a period from 1970 to 1980. The vertical axis for all charts represents the exchange rate, and the horizontal axis represents time in years.

- £/\$ (Pound vs. Dollar):** The rate starts at 1.50 in 1970 and shows a steady, gradual decline to approximately 1.40 by 1980.
- £/DM (Pound vs. Deutsche Mark):** The rate starts at 2.20 in 1970 and shows a steady decline to approximately 2.10 by 1980.
- £/¥ (Pound vs. Yen):** The rate starts at 160 in 1970, drops sharply to 150 by 1972, and then shows a slight recovery to approximately 155 by 1980.

Source: Bank of England, London, and Bank of Japan, Tokyo

Pound				Dollar			
Yesterday	Change	%	Year Ago	Yesterday	Change	%	Year Ago
\$ (London)	1.52	-0.05	-0.3	\$ (London)	0.955	+0.01	0.92
\$ (New York)	1.52	-0.05	-0.3	\$ (New York)	0.955	+0.05	0.90
\$ (Frankfurt)	1.52	-0.05	-0.3	\$ (Frankfurt)	1.077	+0.04	1.03
\$ (Geneva)	1.52	-0.05	-0.3	\$ (Geneva)	1.077	+0.05	0.99
\$ (Basel)	1.52	-0.05	-0.3	\$ (Basel)	1.077	+0.05	0.99
\$ (Bern)	1.52	-0.05	-0.3	\$ (Bern)	1.077	+0.05	0.99
\$ (Brussels)	1.52	-0.05	-0.3	\$ (Brussels)	1.077	+0.05	0.99
\$ (Lyon)	1.52	-0.05	-0.3	\$ (Lyon)	1.077	+0.05	0.99
\$ (Munich)	1.52	-0.05	-0.3	\$ (Munich)	1.077	+0.05	0.99
\$ (Düsseldorf)	1.52	-0.05	-0.3	\$ (Düsseldorf)	1.077	+0.05	0.99
\$ (Dortmund)	1.52	-0.05	-0.3	\$ (Dortmund)	1.077	+0.05	0.99
\$ (Essen)	1.52	-0.05	-0.3	\$ (Essen)	1.077	+0.05	0.99
\$ (Duisburg)	1.52	-0.05	-0.3	\$ (Duisburg)	1.077	+0.05	0.99
\$ (Münster)	1.52	-0.05	-0.3	\$ (Münster)	1.077	+0.05	0.99
\$ (Bielefeld)	1.52	-0.05	-0.3	\$ (Bielefeld)	1.077	+0.05	0.99
\$ (Detmold)	1.52	-0.05	-0.3	\$ (Detmold)	1.077	+0.05	0.99
\$ (Gütersloh)	1.52	-0.05	-0.3	\$ (Gütersloh)	1.077	+0.05	0.99
\$ (Herford)	1.52	-0.05	-0.3	\$ (Herford)	1.077	+0.05	0.99
\$ (Paderborn)	1.52	-0.05	-0.3	\$ (Paderborn)	1.077	+0.05	0.99
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The mutual insurers can no longer go it alone

COMMENT

For Clerical's 625,000 with-profits policyholders, the bonus and prospect of enhanced investment performance probably make this deal an acceptable one.

Clerical Medical is no doubt a good deal for Halifax as it prepares for flotation on the stock market next year, but is it, even at a price of £800m, such a good one for Clerical Medical's policyholders, the company's present "owners"?

Their immediate benefit is only £111m, paid out in the form of special bonuses, plus an allocation of £160m to increase the ultimate value of their policies. The rest of the money goes into the long term with-profits fund and to provide a core of shareholders' capital. Are not the present generation of policyholders being sold out for too small a price?

Don't be ridiculous, insists Robert Walther, Clerical Medical's chief executive. True, the with-profits fund could have been closed and progressively run down, leaving all the £800m for eventual distribution among policyholders, but the tax and other implications are horrendous. The proposals as put have been checked out by independent advisers and all are agreed that this is a deal in the best interests of policyholders.

The argument in favour of the deal lies largely in the greater investment freedom added capital lends to the fund. This in turn will enhance investment performance and hence the eventual return on policies, explains Mr Walther. Unit costs will also be greatly reduced as a result of the higher levels of business that are expected to flow from the Halifax link up.

Halifax is not investing in Clerical Medical out of altruism alone, however. It expects and will get a very handsome return on its investment. This is money which otherwise would have been available to policyholders. The argument thus comes down to a quite finely balanced one of whether the anticipated higher investment returns that spring from the deal outweigh the dividend that must now be paid to Halifax.

But let's give Mr Walther the benefit of the doubt. All his working life, he has served the interests of policyholders and he's unlikely to be selling them down the river now, in favour of his own aggrandisement.

Like a host of other life mutuals, Clerical Medical occupies an increasingly uncomfortable middle ground – squeezed from all sides, by bancassurance and big building societies with more powerful distribution and resources, by the well-publicised troubles in the pensions and life insurance business, and the rising costs of compliance with tougher regulation and keeping up with IT developments.

Most of these problems can be reduced to one word: capital. Clerical Medical, like countless other offices which will probably go the same way, does not have enough and faces no obvious way of generating it. The Halifax, a giant in its own right, has coffers full of the stuff. And so do the other big banks and insurers which lost out this time round, but are still keen to expand in the life sector: Abbey National, NatWest Group

and Sun Alliance, to name but a few. Clerical Medical plugs a big gap in Halifax's network, the IFA market, and brings its known-brand insurance products. Clerical is convinced it has extracted more than a good price for its independence.

On the other hand, it should not stretch the Halifax team's skills to make this deal revenue-enhancing from the word go. For Clerical's 625,000 with-profits policyholders, the bonus and prospect of enhanced investment performance in the years to come, probably make this deal an acceptable one.

Bernard Arnault should simply be patient

What does Bernard Arnault, chairman of France's LVMH, really want out of his 21 per cent shareholding in Guinness? Plainly he is unhappy with the present situation, which has seen Guinness's share price underperform the rest of the stock market very substantially over the last five years, a process which has been enhanced in M. Arnault's case by the rapid appreciation of the French franc – he gets far fewer francs for his pounds than he used to.

Furthermore, having nearly £2bn passively locked up in Guinness at a time when his Louis Vuitton luxury goods business is generating such spectacular returns does not look like a very effective use of capital.

But is he prepared to rock the boat in his desire for greater shareholder value? The answer is probably not, despite the recent flurry of speculation along these lines. The last thing that M. Arnault wants is a proxy fight with the rest of the Guinness board, which is still largely opposed to any thought of demerging or selling the group's original and other beer interests.

M. Arnault is a very private businessman who shuns the limelight. The "cussard" structure he uses to control his business empire may be common enough in France, but among Anglo-Saxon investors it is thought highly controversial. If M. Arnault were openly to push for demerger, it would (probably rightly) be seen as an attempt to gain control of Guinness's branded liquor business via the backdoor. So he is not going to go public on such a solution.

But if the demerger proposal were to be put forward by others, he would vote for it like a shot. M. Arnault is not interested in beer, which he sees as a commodity drink quite out of sync with his other interests. It is in any case a peculiarly un-French drink. For choice, M. Arnault would like to realise his investment in Guinness's beer interests, and reinvest it back in France, while keeping intact the rest.

For the time being, however, Anthony Greener, the Guinness chairman, won't budge. Eventually, however, Mr Greener has to do something more than buy his own shares to get his stock price out of the dol-

drums. M. Arnault doesn't need to engage in Napoleonic bravado to get his way. All he has to do is wait.

Securicor shareholders finally surrender

It is operating companies might be high tech and fashionable enough, but in other respects Securicor has remained a Georgian relic of a company – three classes of shares plus all its main operating companies in a completely different quoted group. Most large companies abandoned two-tier structures long ago, either embarrassed into it by the City or forced into it by rebel shareholders.

The controlling shareholders in this case are the trustees of the Erskine family who founded the company in 1923. The war may have been over long ago for everyone else, but this family has continued to hold out. Strangely, the eventual price of surrender is not a high one. The family gets more shares in return for surrendering its powerful voting block, but not as many as you might think.

Never mind though. So pleased was the City that all classes of share went up, leaving the family substantially richer. Having unlocked some value with this capital restructuring, the one remaining buried treasure is the Cellnet stake. Securicor can only realistically sell to BT, a deal which the DTT will not sanction. Yet.

Marshall clears the decks at Inchcape

MAGNUS GRIMMOND

Inchcape, the world's largest motor distributor, yesterday attempted to draw a line under its troubled past by slashing the dividend, removing its chief executive and announcing huge write-offs and the disposal of peripheral businesses.

Sir Colin Marshall, the chairman, who is seen as having given the shake-up at the group, said he was cautiously optimistic that 1996 as a whole should show an upturn in the group's fortunes after three years when a soaring yen and tough markets have played havoc with sales of the group's mainly Japanese-built cars. Inchcape would focus on becoming an international distribution group, he added.

The market, already braced for bad news, breathed a sigh of relief that the bloodbath was not worse and the shares rose 10p to 272p. The final dividend is cut from 9p to 4p, reducing the total for the year from 15p to 10p. Sir Colin said this level was deemed appropriate, given the sharp fall in profits last year from £228m to £174m. The aim was for earnings per share to cover the dividend twice over, he said. Last year, earnings slumped from 26.4p to 14p, even before a £65.2m charge.

Charles Mackay, chief executive for the past six years, steps down with immediate effect, to be replaced by Philip Cushing, formerly managing director of the group. Mr Mackay will remain with the group as deputy chairman until the end of June to oversee the hand-over of responsibilities. Currently on a two-year rolling

contract and paid £380,000 in 1995, he is expected to pick up around £800,000 on his departure, which will include no bonus for last year. Mr Cushing's salary of £300,000 last year will go up, but not to the former level of Mr Mackay's. Sir Colin said the decision to reduce the number of businesses "threw a spotlight on the top-heavy position at senior management level itself. As a consequence of that, I reached agreement with Charles Mackay that he step down as chief executive."

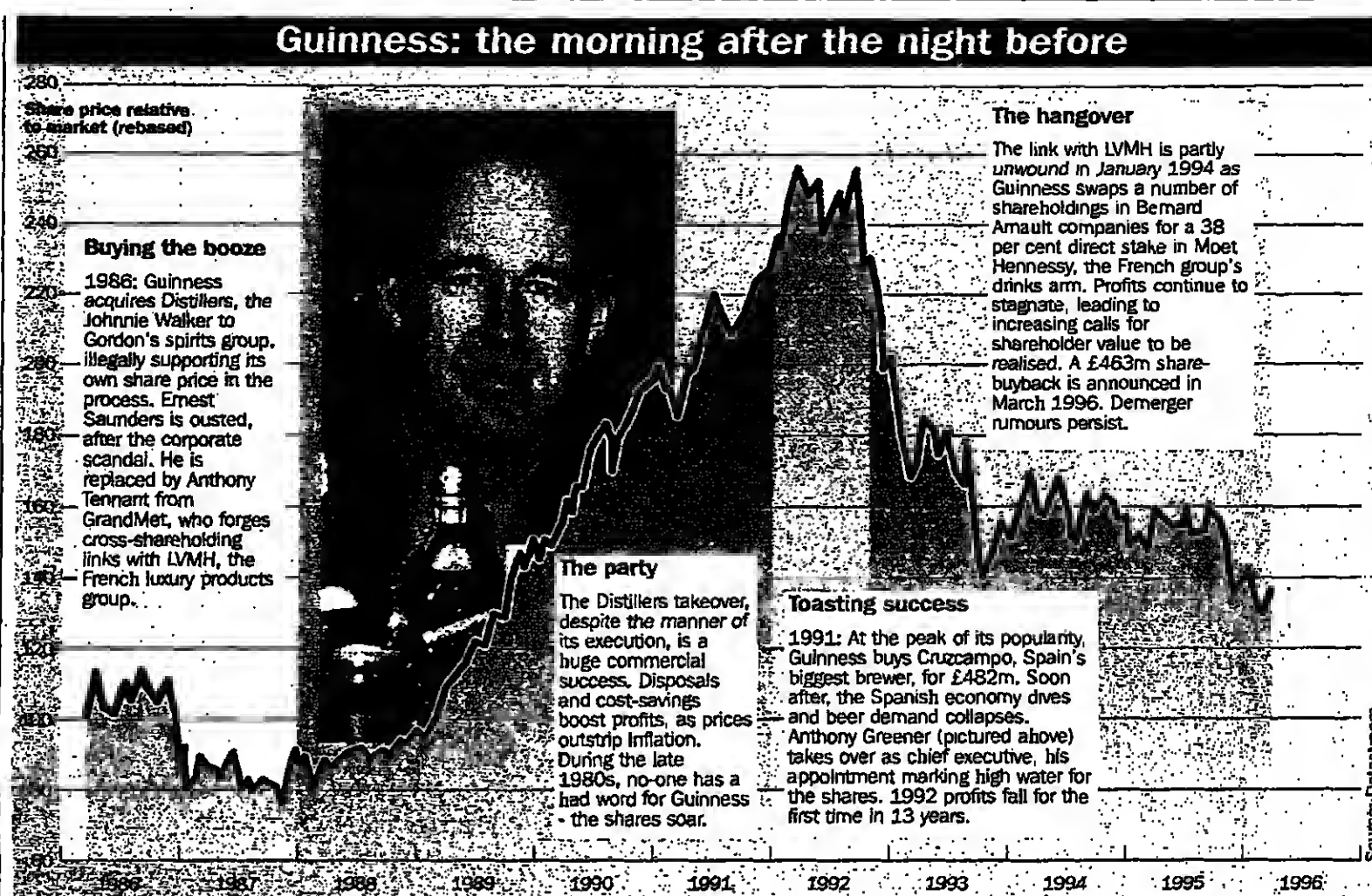
Inchcape said it would sell its testing services business, one of the world's largest laboratory testing operations, and is considering the demerger of Bain Hogg, the UK's largest retail insurance broker. Last year, the group declared its intention of floating Bain Hogg after talks to sell the business apparently broke down. The group has already received expressions of interest in the testing business.

No details of the disposals were given yesterday, other than that they would take place in 1996, but brokers were pencilling in a value roughly equal to last year's turnover of £235m for testing services and up to £300m for the insurance broker. Profits in the main motor business, which includes one of the largest UK motor retailers, crashed from £148m to £97.4m. The main problem was in the import and distribution operation, where heavy marketing expenditure was required to stem the loss of market share by the group's Japanese marques. Mr Cushing said UK volumes had been at record levels and Greece was ahead.

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Sharper focus: Sir Colin Marshall is cautiously optimistic about an upturn in the group's fortunes



Break-up pressure on Guinness eases

TOM STEVENSON
City Editor

The pressure on Guinness to demerge its brewing and spirits divisions eased yesterday as analysts questioned the value of the proposed unbundling. Sources close to the company's largest shareholder, Bernard Arnault of LVMH, also moved to downplay suggestions he was pushing for a break-up, pouring cold water on rumours of a boardroom split.

Guinness shares edged higher, closing 2p up at 468p, as the market mullied the break-up rumours swirling round the

drinks sector. GrandMet and Allied Domecq, the other large players in the spirits industry, are also under pressure to raise shareholder value in the face of stagnant worldwide demand and poor share price performance. At GrandMet's most recent annual meeting Lord Sheppard, its outgoing chairman, confirmed that the board had considered a demerger – although it had ultimately rejected the proposal.

Analysts were divided yesterday on the precise value of splitting Guinness's stout brewing activity from its Johnnie Walker whisky to Gordon's gin

arm, but most agreed that the available gains rested to a large degree on the high premium the market would certainly attach to the shares in the newly formed companies.

One analyst, who asked not to be named, put a break-up value of only 48p on the two businesses, barely above the current share price. That reflected a small premium for the brewing division, offset by a discount to the market rating for spirits to reflect its low growth prospects.

Alexandra Oldroyd at Morgan Stanley was more bullish, suggesting the underlying value of the parts could be as high

as 530p even without a bid premium. The brewing side especially is thought unlikely to last long as an independent entity with its strong global position almost certain to attract a bidder.

Guinness yesterday stuck to its stated position that there was a high degree of synergy between the two sides with drinkers moving easily between both beer and spirits and plenty of marketing lessons to be learnt from each other.

After a disappointing set of full year figures last week, however, the company remains under pressure to maximise shareholder value. As the chart

shows, Guinness shares have underperformed the market as a whole throughout the 1990s after massively outperforming other shares in the previous decade.

The fall in value of Bernard Arnault's stake has been compounded by a plunge in the value of sterling against the French franc. He is, however, understood to have no intention of reducing his stake in Guinness and he made it clear last week that he had no quarrel with Tony Greener, the Guinness chairman, or doubts about the way in which the company was being managed.

Shake-up as Discovery Zone fights bankruptcy

DAVID USBORNE
New York

Discovery Zone, the American company that pioneered colourful indoor play areas for children, announced yesterday that it was seeking bankruptcy protection to allow it to repay debts incurred by an over-rapid expansion.

The company, 49 per cent owned by Viacom, pledged to remain in operation during its reorganisation, though some of the weakest among its 318 locations and 29 franchise operations in the US and Europe would be closed.

Discovery Zone has established itself as the leading brand

in what has been a swiftly expanding industry, providing large indoor spaces filled with jungle gyms, tube-mazes, ball-filled pools and other amusements for children. Many also offer facilities for birthday parties.

As part of the reorganisation, Summer Redstone, chairman of Viacom, will step down from the Discovery Zone board along with \$366.2m in liabilities. The largest of its creditors is the Bank of New York.

As well as closing some locations, Discovery Zone, which is based in Fort Lauderdale, Florida, will seek to reduce the costs of its leases on existing locations.

programmes and entertainment concepts," Ms Moore said yesterday. The reorganisation should "address the problems caused by the company's rapid expansion and put it on a stronger financial footing".

According to filings with the US Bankruptcy Court in Delaware, Discovery Zone had assets of \$164.4m (£106m) compared with \$366.2m in liabilities. The largest of its creditors is the Bank of New York.

As well as closing some locations, Discovery Zone, which is based in Fort Lauderdale, Florida, will seek to reduce the costs of its leases on existing locations.

IN BRIEF

• Lucas Industries, which yesterday announced new orders worth £650m, may team up with a French company to make a bid for a £500m slice of the country's car parts company Valeo. French car makers warned that Valeo should not fall under foreign control when it emerged that 28 per cent of the company was for sale. France's *Le Monde* newspaper reported that Lucas is talking to SAGEM about a joint bid. Meanwhile, Lucas has won orders from Ford, Renault and Fiat to supply a new diesel fuel pump over the next five years.

• Institutional investment declined to £12.5bn in the final quarter of 1995, from £14.1bn the previous quarter. The drop was due mainly to a fall in net investment in short-term assets and overseas securities. Investment in gilts jumped from £2.5bn to £4.2bn. The quarterly changes reversed the pattern for the full year. Total net investment by institutions in 1995 was £44.7bn, down from £52.5bn in 1994. For the year as a whole, investment in gilts and UK company securities was sharply lower, down to £14.7bn from £20.9bn and £5.3bn from £12.2bn respectively. Investment in short-term assets rose to £11.6bn from £3.1bn and in overseas securities from £3.4bn to £8.1bn.

• New home sales in the US rose more than expected in February. Although recent signs of surprising resilience in the economy have dashed market hopes of lower interest rates, Treasury bonds rose ahead of today's meeting of the Federal Open Market Committee. Sales of new homes rose 6.5 per cent during the month to an annual rate of 3.9 million units, after falling 3.9 per cent in January.

• British Energy, the soon-to-be privatised nuclear company, will pay an initial £230m into a segregated fund to cover the costs of decommissioning plant, with annual payments of about £16m thereafter. Ian Lang, Secretary of State for Trade and Industry, confirmed the size of the fund at the official opening of the newest nuclear power station, Sizewell B in Suffolk. There has been criticism that the fund does not cover enough of the back-end costs of waste disposal and management associated with the power stations to be sold.

• BP Bulmer, the Strongbow and Woodpecker cider company, plans to acquire Inch's, the UK's third-largest cider group with a 7 per cent market share. Bulmer said the acquisition would strengthen its position in the market. Devon-based Inch's makes White Lightning and Stophouse cider, selling 8 million gallons in the year to last September, compared to Bulmer's 103 million.

Forth rules out bid for Port of Dover

RUSSELL HOTTEN

Forth Ports, the fast-growing privatised ports operator, has put expansion plans on hold while it integrates recent acquisitions of operations at Tilbury and Dundee.

Although Forth said it would keep a watch on the sell-off of Tyne port, the company has ruled out a bid for the Port of Dover and said its priority this

year was to invest in existing operations.

Forth yesterday unveiled annual pre-tax profits up from £13.9m to £15.3m, results that were ahead of City expectations. The acquisition of Tilbury for £121m in October, combined with the £8.5m acquisition of Port of Dundee in November, helped lift total group tonnage at Forth to 48.7 million tonnes from 44.4 million in 1994.

Alistair Fleming, who took over as chief executive last month, said the planned development of Tilbury would mean an increase in the throughput in its core port operations this year. "We see a lot of upside at Tilbury. I expect to see the momentum of volume growth continue," Mr Fleming said.

The current year would be one of consolidation, he said. The Port of Tyne is said to be

the best of the best group of port operations to be privatised, but Forth appears unlikely to be among the bidders. "We would simply look at Tyne, because we would look at any port coming to the market," the company said.

Investing in facilities to win new business was the priority. The transfer of the container businesses of Geest and Bell to Tilbury from 1 May would see a "very substantial" increase in

container volume at the port this year.

Forth is part of a consortium, with Scottish Power, Babcock and Royal Bank of Scotland, bidding for the port at Rosyth, the former Royal Navy base.

Negotiations were going well, the company said. "Most issues are now resolved and we expect the process to be concluded some time in the third-quarter of the year."

Maxwell battles to stop new judge

JOHN WILLCOCK

Lawyers for Kevin Maxwell are challenging the appointment of a new judge to try him later this year on further charges resulting from the collapse of his father's business empire.

Alun Jones, QC said yesterday that they had applied for a judicial review, arguing it was "unlawful and irrational" for the Lord Chancellor not to let the original trial judge, Lord Justice Phillips, continue with the case. Kevin Maxwell appeared at the High Court before the new trial judge, Mr Justice Buckley, for what was to have been a formal preparatory hearing. But because of the pending review, it became merely a short administrative meeting.

Mr Justice Buckley said he lent his support to getting the review application heard as soon as possible, so it would not interfere with the trial's timetable. "Whatever the outcome I hope it will not engender delay to the proceedings as a whole," he said.

Estimates on the next trial's length range from anything between 18 weeks and 18 months, with a possible start date of October. Kevin, a former Maxwell financial adviser Larry Trachtenberg and a former company treasurer Albert Fuller face charges of conspiracy to defraud.

The charges relate to shares in Bercliff held by the Maxwell business empire, which is alleged were pledged to a number of different banks as collateral for loans. As a result the banks lost more than £100m, it is alleged.

The former Mirror Group finance director, Michael Stoney, also faces trial on two charges of false accounting. All charges against Kevin's elder brother, Ian, were dropped by the SFO following the first trial.

It is understood there are worries that Mr Justice Buckley might not have sufficient time to read in on the intricacies of the allegations which have occupied top lawyers for over four years, generating millions of pages of documents.

The judge is no stranger to complex cases involving allegations of corporate crime. He presided in the 1992 trial of executives accused of corruption arising from an investigation into British Rail engineering contracts.

At the end of the prosecution case he ordered the jury to return not guilty verdicts after ruling that the relationship between British Rail's engineering division and a contractor had not been corrupt.

Lord Justice Phillips had been involved with allegations involving Robert Maxwell's empire since 1993 and has imposed legal teams for both the prosecution and defence with his mastery of the issues. Despite a lobby for him to see the saga to its close, Lord Justice Phillips is understood to have been keen to return to the High Court, where he is a Lord of Appeal.

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business

Inchcape aims to build from new base

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Inchcape's decision to dump the pilot, cut the dividend by a third and take a massive write-off is, on the face of it, a classic kitchen sink job. Wiping the slate clean in terms of management and profits always impresses the City and will give the motor distribution to shipping group a new base from which to build. The group will be desperately hoping that yesterday's 8p bounce in the shares to 270p marks a change in sentiment after a near two-thirds underperformance against the rest of the market over the past three years.

But Inchcape is no sprawling conglomerate. The late Sir George Turnbull saw to that when he took the helm in 1984 and transformed a sleepy colonial trading empire into a more focused distribution and services group. Indeed, dumping the Bain Hogg insurance broking and the laboratory testing businesses will dilute profits in the short term. Brokers suggest it will be lucky to pick up much more than £500m for the pair, which means interest income of less than £40m will replace combined profits of £36.5m last year. Adding insult to injury, insurance and testing were the group's only main divisions to raise returns last year.

Inchcape's problems are much more cyclical, however. Around 40 per cent of sales are dependent on the import of mostly Japanese cars and even their marketing appeal could not cope with the yen's appreciation by around a third over the past three years. The European business seems to have suffered worst, slumping to a £14m loss after an 8 per cent drop in volumes in 1995. But the extent of the problem is illustrated by the fact that in the rest of the world volumes were down 17 per cent, compared with a 19 per cent world-wide increase for other marques.

Whether last year's 36 per cent fall in pre-tax profits to £147m, before the £65.2m restructuring charge, marks the low point remains to be seen. The yen has weakened since last year, but political uncertainty has resulted in sales in Hong Kong, once one of the group's most lucrative markets, diving by be-

tween 40 and 60 per cent this year. Toyota and the other big Japanese manufacturers are busy cutting costs and moving production offshore, but it could be another two to three years before the benefits become apparent. Assuming profits before disposals rise to £165m this year, the shares stand on a premium forward rating of 16. Still unattractive.

Morgan still raising profits

Morgan Crucible's decision to concentrate its resources on building strong positions in technologies serving a wide range of industries

continues to pay dividends. Despite varying fortunes amongst its customers, the carbon brushes to metalurgical ceramics group still managed to raise profits another 17 per cent to £85m in the year to 4 January.

Stripping out the Holt Lloyd car polishes business, sold for £57.5m in 1994, underlying fully-diluted earnings rose a chunky 22 per cent to 25.4p. A final dividend of 7.55p takes the annual total up from 13.1p to 13.3p, somewhat behind the rise in earnings as Morgan prudently increased the cover to two times.

With no more than 8 per cent of sales going to any particular industrial sector, the group was able to shrug off the weakening of the automotive and US defence industries as the year wore on. The slack was taken up by areas

like chemicals, electronics and telecommunications. Morgan's diversification has allowed it to weather the loss of US defence sales in its Wesgo ceramics business and further restructuring in the electronic defence operations, now 70 per cent defence-related, should reap similar rewards. In the short-term, however, £1.6m of restructuring costs and £800,000 spent on a new laser-cut operating profits from the specialty materials from £17m to £10m last year.

Acquisitions, which chipped in £5m, and restructuring helped Morgan's other three divisions record healthy rises in profits and margins. At 12 per cent, up from 10.5 per cent the year before, the group is close to its target of 15 per cent. Carbon, on 14.6 per cent in 1995, will be there this year, but at between 10 and 12 per cent, the rest of the group has a bit to go yet.

Last year's margins rode higher on the back of strong volume growth and price rises of up to 5 per cent, but Morgan's main markets may have peaked, at least for the time being. Even if orders are currently 6 per cent ahead, there are signs of weakness in some of the main developed economies.

Morgan is expected to turn in £98m this year, which would put the shares, down 13p at 412p, on a forward p/e of 14 or 15. Fair value.

the company's exclusive deal with a US company to provide cheap telephone calls over the Internet.

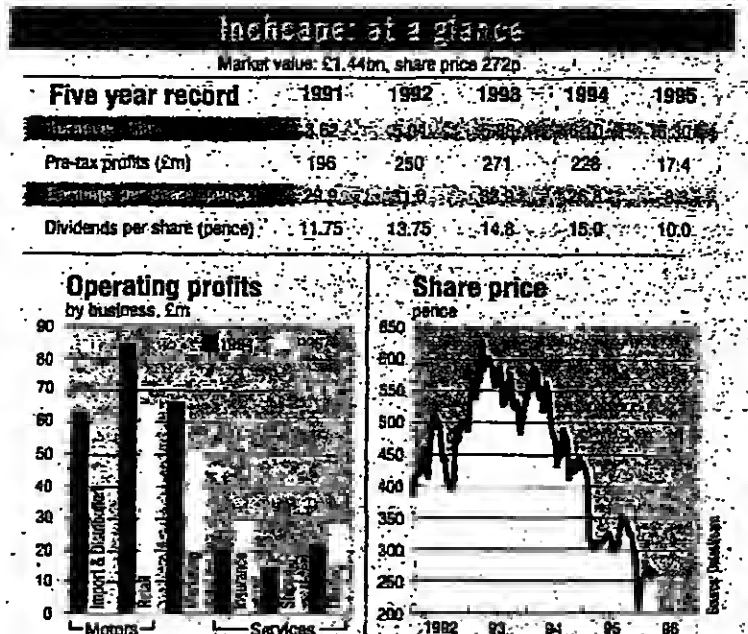
Firecrest took advantage of the huge demand to place additional stock at 120p. By Christmas, the price had drifted down to about that level, where it stood until the next press release, this time trumpeting the launch of an on-line "search engine" that allows users to cruise the world-wide web on the Internet. Up went the shares yet again, this time to 180p, from where it has been downhill all the way.

It is against this background that one must judge the company's decision, announced yesterday, to issue new shares at just 50p, to raise up to £1.5m. Existing shareholders will get first call on the new stock, which might please some who bought in at 120p last October and want to average down.

But those who haven't already waded in might be wise to reflect on the company's underlying businesses, which are far from being the Internet success story some brokers claim. Indeed, 90 per cent of the company's sales (and all of its profits) come from the rather more pedestrian business of advertising and sales promotion. It is market leader, for example, in the management of sales promotions for national newspapers, including the giveaway of CD music titles and the like. This business is likely to have provided nearly all of the anticipated profits of £600,000 in 1995.

The Internet businesses are either embryonic or in highly competitive niches, such as Internet phone networks or the "search engine" end of the market where Yahoo already dominates. They may come good, but are unlikely to give much of a revenue stream any time soon.

With pre-tax profits this year estimated at anything between £1m and £2m, the shares are trading, after yesterday's drop of 22p to 90p, on a multiple of at least 15 times, ranging up to 25 times if the lower profit figure turns out to be right. Highly speculative.



No fireworks from Firecrest

Shares in Internet-related companies are not for the faint-hearted to judge by the roller-coaster ride of Firecrest, one of the most heavily hyped of recent issues on AIM. Launched at 38p last summer, the shares soared to as high as 203p in November, on news of

Carnivores carry on chomping

CITY DIARY

JOHN WILLCOCK

This might not seem the best moment to be sponsoring the Carnivore Club, a group of gastronomes devoted to eating bloody bits of meat. Groupe Chez Gerard was determined to brazen it out yesterday. After unveiling good intentions, the Groupe which owns swish London restaurants like Bertorelli and Scotts yesterday said the next meeting of the Carnivore Club would go ahead as normal.

In a world of theorists and consultants, it's always refreshing to hear about a lecturer who really knows what he's talking about. John Clark, chief executive and managing director of BET, will this Friday address over 250 European business leaders at a conference on the subject: "Recipes for Growth in Europe". As Clark stands to collect around £5m in bought-out options and the like if he bid from Renault goes through, he is in a perfect position to comment.

Another topical conference starts on Wednesday. Called "1846 Freedom and Trade 1996", it commemorates the 150th anniversary of the Repeal of the Corn Laws. This was the moment the new industrialists from Up North overthrew the protectionist farmers of the South, installing Free Trade as the credo of 19th-century Britain. It also split the Tories for a generation. There's nothing new in Euro-sceptics after all.

The chomp-in is scheduled for 24 April in Chez Gerard's restaurant in Chancery Lane in Central London. So have the Carnivore Club received any cancellations since the BSE scare broke? A company spokesman said yesterday: "We have yet to receive a single cancellation. Further

more we don't expect any." Brave talk. Even braver, Laurence Isaacson, Chez Gerard's chief executive, had Beef Wellington for dinner last Saturday evening, and then went to MacDonalds for a beefburger on Sunday.

Which brings us to a joke currently doing the rounds on the dealing floors: Two cows in a field. One says to the other: "Aren't you worried about Mad Cow Disease?" The other replies: "Doesn't affect me, I'm a frog." Boom boom, as Basil Brush was wont to say.

You must have been on holiday on Mars not to have heard about Halifax sacking SBC Warburg for the building society's flotation next year. How strange, then, to see a

happy trio of Warburgers at the Halifax/Clerical Medical press conference at the Savoy yesterday. Surely those thrusting types at Deutsche Morgan Grenfell, who took over Halifax's flotation mandate, should have been on the job?

Not a bit of it, as John Cryan, SBC Warburg's corporate finance leader on yesterday's deal, was only too happy to point out. "When Halifax stood us down for the float, they made it clear we would continue to do other things for them. Our relationship with them, including the chairman (Jon Foulds) is extremely strong. We've got another couple of things for them that we have been working very hard on recently."

In which case, it seems perverse that Halifax ever bothered sacking SBC Warburg in the first place. Mr Foulds himself said at the same press conference in



Bearing the good news: Chez Gerard's chairman Neville Abraham, left, and Laurence Isaacson, chief executive

London that "it's very unlikely that we'll be making another major acquisition, before conversion next year." Very rum.

Forget England versus Bulgaria on Wednesday, the true football confrontation comes tonight in Birmingham with the "Sweet FA Cup."

Bankers, accountants and lawyers making up 16 teams are meeting up for an evening of Subuteo, bar football and computer soccer games at The Old Royal Public House. The knees-up is hosted by ECI Ventures, which handles medium-sized management buyouts. The police have been alerted.

Hodder confident despite profit dip

Hodder Headline, the UK publishing group, confirmed yesterday that poor consumer confidence and rising costs had combined to slash profits, writes Matthew Horsman.

Pre-tax profits in 1995 plunged nearly 30 per cent to £3.7m from £5.2m, on sales ahead 10 per cent to £88.5m. The slide had been expected, following a profits warning in September. In the event, the collapse was less dramatic than originally feared, as earnings improved sharply later in the year. The shares gained 14p to close at 239p, on expectations of improved prospects in 1996.

Underlying the company's confidence, the dividend was increased for 1995 by 5 per cent to 6.5p a share. Tim Hely Hutchinson, the group's chief executive, said current trading trends were encouraging. "Sales in January and February were 12 per cent ahead of the same period in 1995 and other early signs are modestly encouraging," he said.

Hodder Headline led the campaign to dump the Net Book Agreement, one of the last remaining legal price-fixing schemes in the UK. The company's best-selling authors - including John Le Carré - published works outside the agreement starting in late December 1994.

The collapse of the NBA in October last year led to a boost in sales for that month, although Mr Hely Hutchinson said: "It is all beginning to settle down now."

IN BRIEF

• The receivers to Everything's a £, the discount retailer that collapsed last week, have sold five of the 32 stores to Poundland, a rival discount group based in the West Midlands. The sale price is around £500,000.

• Travis Perkins, the builders' merchant, warned that trading in the first two months of the year remained subdued, but it promised a better performance later in the year assuming a continued improvement in the housing market and a still favourable interest rate environment. Analysts welcomed full-year figures showing a marginal slide in pre-tax profits from £38.9m to £36.5m during the 12 months to December. Before a one-off disposal profit in 1994, underlying profits rose. The dividend increased from 9.0p to 9.3p.

• Vero, the supplier of racks and enclosures for the telecoms and electronics industries, celebrated its first full-year figures since last November's flotation with a 55 per cent jump in profits from £6.5m to £12.9m, slightly ahead of the forecast made when the company came to the market. The company said 1996 had begun with a further increase in order intake over the start of 1995 and it was already taking steps to increase capacity.

• Michael Page, the executive recruitment specialists, saw profits almost double in the year to December to £17.7m. Lord Wakeham, chairman, said: "By any measurement these are excellent results." He added that the company's shares had grown more than tenfold in the past four years thanks to an expanding recruitment market and Page's push into overseas markets. Yesterday the shares closed 19p higher at 205p.

• T&S Stores, the convenience store and high street newsagent group, lifted profits 12 per cent to £15m in the year to December, boosted by sales of lottery tickets. However, large queues at lottery terminals in the smaller Supergrids affected trading. Group sales were up 8 per cent at £445m.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Capita/Regi Props (F)	-1.4	4.7m (4.1m)	6.55p (6.77p)	2.50 (2.1p)
Foris Parts (F)	47.2m (35.1m)	15.3m (13.9m)	23.8p (22.8p)	11.8p (9.9p)
Groupes Chez Gerard (I)	9.38m (5.53m)	1.35m (1.07m)	9.2p (8.8p)	0.9p (0.75p)
Hodder Headline (F)	82.2m (87.5m)	5.7m (6.1m)	13.7p (15.7p)	6.5p (6p)
Inchcape (F)	5.2m (6.17m)	12.4m (12.8m)	8.3p (8.5p)	10p (15p)
Morgan Crucible (F)	849m (756m)	85m (72.6m)	25.2p (22.1p)	13.5p (13.1p)
Westpac-BNA (F)	125m (113m)	5.12m (4.02m)	5.75p (4.25p)	3.15p (3.15p)
Page (Michael) (F)	164m (174.7m)	17.7m (19.9m)	18.25p (19.21p)	5p (5p)
Sedra (F)	15.6m (15.5m)	-11.9p (-2.9m)	-16.7p (-3.7p)	nil (nil)
Steeze Engineering (F)	370m (314m)	8.4m (4.15m)	2.1p (1.52p)	5.6p (nil)
Taylor Nelson (F)	71.9m (61.5m)	6.9m (6.2m)	2.02p (1.92p)	0.7p (0.54p)
Travis Perkins (F)	432m (467m)	38.5m (38.9m)	23.7p (25.4p)	9.3p (8p)
T&S Stores (F)	445m (412m)	15.5m (13.9m)	14.12p (14.33p)	7.1p (6.5p)
UDD Holdings (I)	26.1m (25.6m)	3.2m (2.8m)	2.25p (1.6.4p)	2.75p (2.52p)
Vero Group (F)	97.2m (78.7m)	8.1m (6.6m)	9.66p	nil (1)

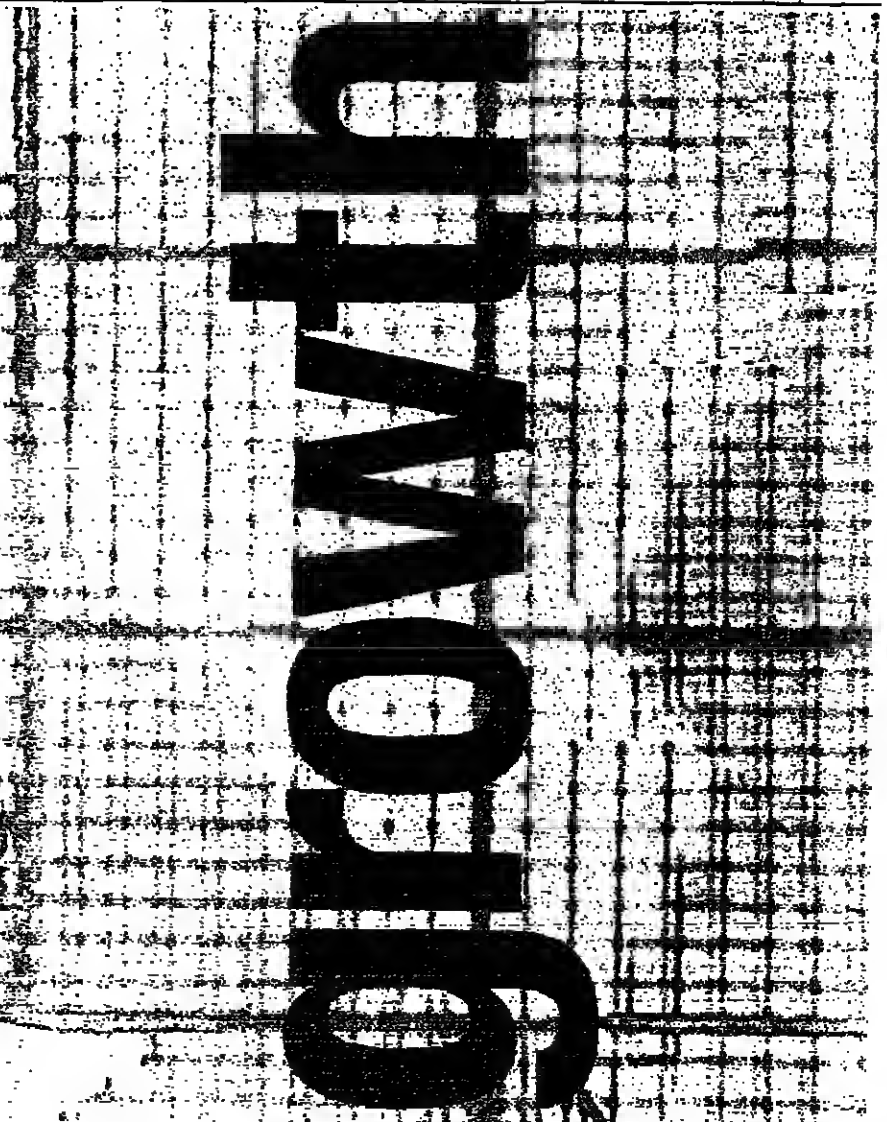
(F) - Full (I) - interim (N) - Nine months (P) previous year performance basis

They've invested over £1 billion in Livingston, and it's still rising.

Livingston is fast becoming the land of the rising sun. 16 Japanese companies have invested over £1 billion here in recent years. Many of them are now in their second and third phases of development. NEC is building one of the largest inward investment projects in the UK with a further £530m being spent to produce the next generation of memory chips. Shin-Etsu Handotai is spending £180m expanding its silicon wafer production. They're all investments that are paying good dividends. For example, Mitsubishi and NEC in Livingston have consistently delivered the fastest growth of any plant outside Japan. Do as the Japanese do. Call 0131 313 4000.

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HEWLETT-PACKARD

Markets may be over-reacting to the beef crisis

Beef is a health issue, a political issue, an economic issue, and now it is becoming an issue for the financial markets, too. With hindsight, they have been surprisingly slow to take on board the full consequences of the British beef catastrophe. There was some weakness towards the end of last week, but it was clear yesterday the markets may still have some way to go before the costs are fully discounted.

This is partly because of the range of impermissible – the government and EU statements yesterday narrowed those down, but there is still a wide range of commercial effects which are still completely unclear. But it is also because financial markets have little experience in assessing an entirely new economic shock like this. There is no previous experience to go on. In that sense the beef crisis is more akin to the stocks that have hit the Lloyd's insurance market – unprecedented in all its earlier history – rather than, say, the commercial property crash of the late 1980s, where what was happening could be set in its historical context.

So it is new ground. When you move into new ground the best discipline is to go back to first principles: what we do know about the way a market economy will respond to any unexpected shock. Some of the macro-economic effects are charted in the news analysis on page 13, but it might be helpful here to chart the different types of effect, starting with the impact on output and inflation, then looking at the balance of payments and public finances.

Market forces will dictate that the output of UK beef and dairy products will fall dramatically over the next year, whatever the official pol-



ECONOMIC VIEW
HAMISH McRAE

icy of the Government and the EU. The likely order of magnitude in terms of loss of continuing output seems to be £2bn-£5bn in the first year. This is made up of the loss of all beef exports (£400m), and a substantial switch out of domestic beef purchases into imported beef. Even with some off-set in greater production of other meats, it is hard to see the decline in output being less than £2bn, while £5bn, not the most extreme estimate, seems large enough to cover most eventualities.

The idea that this should postpone tax cuts that may be due is not credible

There will also be a smaller loss of output in year two, perhaps some beyond that because of the more general loss of confidence in British agricultural methods. The faster the industry responds in defining output which, as far as is possible to say, is unquestionably free from disease, the faster it will be rebuilt.

To put this into some sort of context, GDP this year will be rather more than £700bn, so the loss in year one will be something of the order of 0.25-0.7 per cent. A quarter of one per cent of GDP is not enough to notice – it is a month's growth – but three-quarters is quite a lot. However, providing that the cost is really

one-off – and that the beef industry moves quickly to restore public confidence – even the higher figure should not be too alarming. The worry would not be too alarming. The worry would not be too alarming. The worry would not be too alarming.

The impact on inflation will depend on the extent to which imports respond to domestic scarcity, and to what extent people substitute other meats for beef and cut out milk and

other dairy products. James Capel, the London brokerage arm of HSBC, suggests the impact on inflation could be more than 1.5 per cent on the RPI. But that assumes a doubling of the price of dairy products which account for 1.7 per cent of the goods in the RPI basket. If that were to happen there would be substantial shifts out of these products.

So while the headline RPI might well rise sharply – the basket of goods is not changed to account for short-term changes in relative prices – the impact on living standards would be much lower. In any case, a doubling of the price of dairy products seems too large. Besides, the price of beef

will remain low. A guess would be that the RPI will rise by less than half of 1 per cent, maybe on balance not at all.

Balance of payments? Assume we lose all beef exports for three months and that exports are rebuilt only gradually after that. Assume there is some increase in domestic production of other meat. Assume some fall in meat consumption overall and a smaller fall in consumption of dairy products. Assume, too, a sharp rise in beef imports and some rise in imports of dairy products. Now put some guesswork numbers of these, and my own tally would again come to an adverse impact of £2bn-£5bn.

It may seem strange but such are the telephone numbers on the balance of payments, and the uncertainty that has to be attached to those numbers, that this balance of payments cost does not appear significant, provided it is a one-off. Were it to be a constant drain, then it would become a more serious burden.

Finally, the impact on public finances. It was not immediately clear from the Commons statements yesterday what compensation terms will be available. If any. There will inevitably be some loss of revenue because the business will be less profitable: all commercial losses are in that sense met in part by the taxpayer. The question is whether this loss, plus whatever compensation is ultimately paid, is material in public accounts.

It is hard to see this happening, since the losses ought entirely to be one-off. Assuming the industry rebuilds itself and there is therefore no on-going cost to the exchequer, a rise to a couple of billion in the PSBR in any one year ought not to be of



Grim outlook: Thousands of jobs are on the line in the beef industry

Photograph: Philip Meech

concern to the financial markets or to the taxpayer. There will be some rise in borrowings, but the idea that the beef crisis should postpone tax cuts that might otherwise take place is not really credible.

Now to translate all this into market terms. There will be a sharp impact on the feed manufacturers, as was evident in the share price of some yesterday. But the impact on the gilt market and on sterling appear overdone, were it not for one dynamic factor, which we will come to in a moment. It is unfortunate that the borrowing requirement seems to

be running rather above the level expected even last November, so any adverse impact on public finances comes at a bad time.

But the deterioration attributable solely to this crisis will be quite small in relation to the disappointments of the last five years. So any impact on the gilt market ought to be manageable.

Likewise sterling. The levels of uncertainty are so large and the current account is so close to balance that this of itself should not rationally have much impact. If sterling does serve to be weak, there are many

other justifications. What all this ignores, however, is the political dynamics of this crisis. It is very damaging not just for the Government, but for many of its natural supporters in country districts. At the margin it may make it more difficult for the Government to survive beyond the autumn. Political uncertainty is already evident.

This crisis increases it. The real explanation for the adverse market reaction may not be a cool calculation of the hard numbers but an emotional response to a further dose of uncertainty in an uncertain time.

Foreign Exchange Rates

Country	Spot	1 month	3 months	6 months	1 year
US	1.5251	9.7	26.23	1000	—
Canada	2.0764	11.3	30.37	1396	—
Germany	1.5592	58.45	157.47	1477	25.04
France	7.7189	131.11	369.38	5057.9	59.53
Italy	237.8	75.40	221.26	658.6	57.64
Japan	161.85	78.74	235.28	1063.8	45.44
EU	124.16	11.1	45.40	1256.2	7.4
Spain	161.85	78.74	235.28	1063.8	45.44
Denmark	8.7027	138.95	41.57	5.7085	60.40
Netherlands	2.2522	63.64	189.15	1637.7	32.28
Ireland	0.6700	9.5	25.20	157.25	3.6
Norway	9.6001	16.44	329.23	64.281	42.7
Sweden	9.6001	16.44	329.23	64.281	42.7
Switzerland	1.690	68.63	200.88	1321	57.34
Australia	1.0718	20.31	67.45	128.25	19.21
Hong Kong	1.0718	20.31	67.45	128.25	19.21
Malaysia	3.8750	0.0	0.0	25.435	4.4
New Zealand	2.2522	63.64	189.15	1637.7	32.28
Saudi Arabia	5.7195	0.0	0.0	3.7504	2.7
Singapore	2.4527	0.0	0.0	14.070	41.30

Other Spot Rates

Country	Spot	1 month	3 months	6 months	1 year
US	1.5251	9.7	26.23	1000	—
Canada	2.0764	11.3	30.37	1396	—
Germany	1.5592	58.45	157.47	1477	25.04
France	7.7189	131.11	369.38	5057.9	59.53
Italy	237.8	75.40	221.26	658.6	57.64
Japan	161.85	78.74	235.28	1063.8	45.44
EU	124.16	11.1	45.40	1256.2	7.4
Spain	161.85	78.74	235.28	1063.8	45.44
Denmark	8.7027	138.95	41.57	5.7085	60.40
Netherlands	2.2522	63.64	189.15	1637.7	32.28
Ireland	0.6700	9.5	25.20	157.25	3.6
Norway	9.6001	16.44	329.23	64.281	42.7
Sweden	9.6001	16.44	329.23	64.281	42.7
Switzerland	1.690	68.63	200.88	1321	57.34
Australia	1.0718	20.31	67.45	128.25	19.21
Hong Kong	1.0718	20.31	67.45	128.25	19.21
Malaysia	3.8750	0.0	0.0	25.435	4.4
New Zealand	2.2522	63.64	189.15	1637.7	32.28
Saudi Arabia	5.7195	0.0	0.0	3.7504	2.7
Singapore	2.4527	0.0	0.0	14.070	41.30

Interest Rates

Country	Rate	Rate	Rate	Rate	Rate
US	6.00%	5.00%	4.00%	3.00%	2.00%
Germany	3.00%	2.00%	1.00%	0.50%	0.25%
France	3.00%	2.00%	1.00%	0.50%	0.25%
Italy	3.00%	2.00%	1.00%	0.50%	0.25%
Japan	3.00%	2.00%	1.00%	0.50%	0.25%
EU	3.00%	2.00%	1.00%	0.50%	0.25%
Spain	3.00%	2.00%	1.00%	0.50%	0.25%
Denmark	3.00%	2.00%	1.00%	0.50%	0.25%
Netherlands	3.00%	2.00%	1.00%	0.50%	0.25%
Ireland	3.00%	2.00%	1.00%	0.50%	0.25%
Norway	3.00%	2.00%	1.00%	0.50%	0.25%
Sweden	3.00%	2.00%	1.00%	0.50%	0.25%
Switzerland	3.00%	2.00%	1.00%	0.50%	0.25%
Australia	3.00%	2.00%	1.00%	0.50%	0.25%
Hong Kong	3.00%	2.00%	1.00%	0.50%	0.25%
Malaysia	3.00%	2.00%	1.00%	0.50%	0.25%
New Zealand	3.00%	2.00%	1.00%	0.50%	0.25%
Saudi Arabia	3.00%	2.00%	1.00%	0.50%	0.25%
Singapore	3.00%	2.00%	1.00%	0.50%	0.25%

Bond Yields

Country	5yr	10yr	15yr	20yr	30yr
US	6.00%	5.00%	4.00%	3.00%	2.00%
Germany	3.00%	2.00%	1.00%	0.50%	0.25%
France	3.00%	2.00%	1.00%	0.50%	0.25%
Italy	3.00%	2.00%	1.00%	0.50%	0.25%
Japan	3.00%	2.00%	1.00%	0.50%	0.25%
EU	3.00%	2.00%	1.00%	0.50%	0.25%
Spain	3.00%	2.00%	1.00%	0.50%	0.25%
Denmark	3.00%	2.00%	1.00%	0.50%	0.25%
Netherlands	3.00%	2.00%	1.00%	0.50%	0.25%
Ireland	3.00%	2.00%	1.00%	0.50%	0.25%
Norway	3.00%	2.00%	1.00%	0.50%	0.25%
Sweden	3.00%	2.00%	1.00%	0.50%	0.25%
Switzerland	3.00%	2.00%	1.00%	0.50%	0.25%
Australia	3.00%	2.00%	1.00%	0.50%	0.25%
Hong Kong	3.00%	2.00%	1.00%	0.50%	0.25%
Malaysia	3.00%	2.00%	1.00%	0.50%	0.25%
New Zealand	3.00%	2.00%	1.00%	0.50%	0.25%
Saudi Arabia	3.00%	2.00%	1.00%	0.50%	0.25%
Singapore	3.00%	2.00%	1.00%	0.50%	0.25%

Money Market Rates

Country	Rate	Rate	Rate	Rate	Rate
US	6.00%	5.00%	4.00%	3.00%	2.00%
Germany	3.00%	2.00%	1.00%	0.50%	0.25%
France	3.00%	2.00%	1.00%	0.50%	0.25%
Italy	3.00%	2.00%	1.00%	0.50%	0.25%
Japan	3.00%	2.00%	1.00%	0.50%	0.25%
EU	3.00%	2.00%	1.00%	0.50%	0.25%
Spain	3.00%	2.00%	1.00%	0.50%	0.25%
Denmark	3.00%	2.00%	1.00%	0.50%	0.25%
Netherlands	3.00%	2.00%	1.00%	0.50%	0.25%
Ireland	3.00%	2.00%	1.00%	0.50%	0.25%
Norway	3.00%	2.00%	1.00%	0.50%	0.25%
Sweden	3.00%	2.00%	1.00%	0.50%	0.25%
Switzerland	3.00%	2.00%	1.00%	0.50%	0.25%
Australia	3.00%	2.00%	1.00%	0.50%	0.25%
Hong Kong	3.00%	2.00%	1.00%	0.50%	0.25%
Malaysia	3.00%	2.00%	1.00%	0.50%	0.25%
New Zealand	3.00%	2.00%	1.00%	0.50%	0.25%
Saudi Arabia	3.00%	2.00%	1.00%	0.50%	0.25%
Singapore	3.00%	2.00%	1.00%	0.50%	0.25%

Tourist Rates

Country	Rate	Rate	Rate	Rate	Rate
US	6.00%	5.00%	4.00%	3.00%	2.00%
Germany	3.00%	2.00%	1.00%	0.50%	0.25%
France	3.00%	2.00%	1.00%	0.50%	0.25%
Italy	3.00%	2.00%	1.00%	0.50%	0.25%
Japan	3.00%	2.00%	1.00%	0.50%	0.25%
EU	3.00%	2.00%	1.00%	0.50%	0.25%
Spain	3.00%	2.00%	1.00%	0.50%	0.25%
Denmark	3.00%	2.00%	1.00%	0.50%	0.25%
Netherlands	3.00%	2.00%	1.00%	0.50%	0.25%
Ireland	3.00%	2.00%	1.00%	0.50%	0.25%
Norway	3.00%	2.00%	1.00%	0.50%	0.25%
Sweden	3.00%	2.00%	1.00%	0.50%	0.25%
Switzerland	3.00%	2.00%	1.00%	0.50%	0.25%
Australia	3.00%	2.00%	1.00%	0.50%	0.25%
Hong Kong	3.00%	2.00%	1.00%	0.50%	0.25%
Malaysia	3.00%	2.00%	1.00%	0.50%	0.25%
New Zealand	3.00%	2.00%	1.00%	0.50%	0.25%
Saudi Arabia	3.00%	2.00%	1.00%	0.50%	0.25%
Singapore	3.00%	2.00%	1.00%	0.50%	0.25%

Liffe Financial Futures

Contract	Settlement	High/Low	Open	Close
Long (Mar 96)	106.07	106.07	106.07	106.07
Short (Mar 96)	106.07	106.07	106.07	106.07
Long (Jun 96)	106.07	106.07	106.07	106.07
Short (Jun 96)	106.07	106.07	106.07	106.07
Long (Sep 96)	106.07	106.07	106.07	106.07
Short (Sep 96)	106.07	106.07	106.07	106.07
Long (Dec 96)	106.07	106.07	106.07	106.07
Short (Dec 96)	106.07	106.07	106.07	106.07
Long (Mar 97)	106.07	106.07	106.07	106.07
Short (Mar 97)	106.07	106.07	106.07	106.07

Liffe FT-SE Index Option

Contract	Settlement	High/Low	Open	Close
Long (Mar 96)	106.07	106.07	106.07	106.07
Short (Mar 96)	106.07	106.07	106.07	106.07
Long (Jun 96)	106.07	106.07	106.07	106.07
Short (Jun 96)	106.07	106.07	106.07	106.07
Long (Sep 96)	106.07	106.07	106.07	106.07
Short (Sep 96)	106.07	106.07	106.07	106.07
Long (Dec 96)	106.07	106.07	106.07	106.07
Short (Dec 96)	106.07	106.07	106.07	106.07
Long (Mar 97)	106.07	106.07	106.07	106.07
Short (Mar 97)	106.07	106.07	106.07	106.07

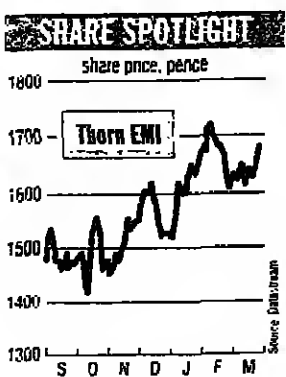
Commodity Indices

*Prices reflect futures data. *All prices are available for week. Source: KCB London Oil Reports. *All prices are in pence						
Commodity Indices				GSCI Indices		
	Settlement	% Spot	Trading Day	30 Day	Trading YTD	Trading Yr
Index	1970-10	26735	+128	21355	+225	17990
Agricultural	1970-10	2851	+104	28175	+121	24658
Energy	1983-10	7357	+211	7315	+135	60051
Industrial Metals	1977-10	1814	-087	19322	22	20263
Livestock	1970-10	18772	-039	19231	+274	17581
Previous Month	1973-10	50928	+007	46985	+336	48559

Source: Commodity Source & the S&P 500 as a benchmark and the members of S&P 500. *All prices are of 22 Mar 1996

DATA BANK

FT-SE 100	3681.9 -25.1
FT-SE 250	4296.5 -7.8
FT-SE 350	1854.0 -10.6
SEAQ VOLUME	703m shares, 4,461 bargains
Gifts Index	92.30 +0.15



BSE begins to eat away at dairy and food sectors

TAKING STOCK

MARKET REPORT

DEREK PAIN

Stock market reporter of the year



BSE is beginning to eat away at equities. The stock market has been inclined to shrug off the damaging implications of the disaster, content to mark down the shares of the most obvious casualties.

But there is now evidence of much deeper worries. Dairy and food shares are coming under increasing pressure and the market is fretting about the impact the beef crisis is likely to have on the Government's already stretched finances and, therefore, its election strategy and tax policy.

Almost every food group where there is a meat influence felt the weight of selling.

Dalgety lost 14p to 424p; Devro International 7p to 245p; Searby Farming 14p to 159p and Whitechurch 4p to 35p. Grand Metropolitan, the Burger King group, fell 4p to 430p and Gowring, a leading Burger King retailer, 3p to 85p. Groups with extensive milk

interests also felt the tidal wave of alarm. Northern Foods collapsed 16p to 183p; Robert Wiseman 25p to 137p and Unigate 30p to 407p.

Waste disposal groups could benefit from any slaughter programme and Leigh Interests added 3p to 99p.

The FT-SE 100 index retreated 25.1 points to 3,681.9, with dividend payments accounting for nearly 12 points of the fall. The supporting index gave up its rip-roaring run to close with a 7.8 fall to 4,296.5.

Government stocks made progress, seemingly on the back of the Government's decision to make no new moves to curb beef sales. Gains of around a point were recorded in late trading.

Thorn EMI provided the day's takeover flutter. The shares jumped 15p to 1,683p on talk that the proposed music and rental demerger

will be scuppered - by a bid for the group. US giant Time Warner was said to be the unnamed in the frame, prepared to offer £22 a share.

Although the story lacked conviction, some were prepared to give it more than passing interest. Thorn is not far off its 12-month high and there is little doubt that anyone prepared to bid for the combined group would steal a march on the rumoured array of entertainment groups queuing to buy Thorn's music side.

But the suggested £22 a share offer is well ahead of many break-up valuations, which nudge £20.

The Halifax £800m take

over of Clerical Medical left National Westminster Bank rumoured as the buyer, unchanged at 647p, as the market took the view the bank may decide to soak up some of its cash pile through a share buy-back.

On the oil pitch Lasso held at 184p. Salomon Brothers has moved its recommendation from buy to hold.

Glaxo Wellcome slipped 5p to 812p. The Nikko investment group believe the shares are overvalued.

Zeneca fell 2p to 1,351p as a series of five-day-old trades appeared on dealing screens.

Securicor had an active

time as it moved to give votes to all and tidy up its corporate image, leaving itself open to a bid, possibly from BT. The Securicor voting shares jumped 200p to 1,805p with the non-voters 67p higher at 1,055p. Securicor Services gained 65p to 1,050p.

Gathering talk of a BT/Cable and Wireless merger had a negligible impact. BT fell 3.5p to 339p, equalling its year's low, and Cable gave up 3p to 487p.

Inchcape, the international trader, survived its profit slump, dividend cut and boardroom upheaval to produce a 10p gain to 272p.

Manchester United, top of the Premiership and with interim figures due today, jumped 35p to 286p.

Insurances were unsteady as NatWest Securities fretted about US exposure. Sun Alliance fell 8p to 367p.

HP Bulmer, the cider mak-

er improved 3p to 582p as it absorbed one of the few remaining cider independents, Inch, for £23.3m.

Among third liners, Stan-ford Rock, developing a TB treatment, crashed 145p to 455p and Firecrest, the internet group, lost 32p to 90p as it announced plans to raise £1.5m through a placing at 50p.

First Information, a CD Rom group, made a firm decision, moving from a 165p placing to 181p.

Imperial Diagnostics gained 3p to 66p. The long awaited cash call and progress report should be out in the next two weeks.

Bula Resources, which started drilling a development well at its Solymkoye oilfield in Siberia, gained 0.75p to 2.5p.

Pan Andean, on a positive statement, jumped 13p to 82p and Millwall, planning to become a media power, rose 0.75p to 3.25p.

Aberdeen Trust slumped 8.5p to 118p as Jupiter Tyndall takeover hopes evaporated. The German-controlled trust has sold a 13.93 per cent stake to Phoenix Home, a US insurance group, which will lift its interest to 28.28 per cent when loan notes are converted. Jupiter had aggressively lifted its interest to 29.32 per cent.

Irish Marine Oil is attracting attention. Since arriving on Olex at 4p in November, the shares have reached 23p. It is in the John Teeling stable, which has produced African Gold, at a 15.5p peak, and the Pan Andean block-buster.

CrestaCare, a health-care group, edged ahead to 27p, reflecting director buying. James Capel, the stockbroker, looks for profits this year of £5m against £2.9m.

Alcoholic Beverages

Stock	Price	Chg	%	Price	Chg	%
Adn Corp	1.15	0.01	0.9	Adn Corp	1.15	0.01
Brewery	1.15	0.01	0.9	Brewery	1.15	0.01
Carlsberg	1.15	0.01	0.9	Carlsberg	1.15	0.01
Heineken	1.15	0.01	0.9	Heineken	1.15	0.01
Interbrew	1.15	0.01	0.9	Interbrew	1.15	0.01
Kaiser	1.15	0.01	0.9	Kaiser	1.15	0.01
Miller	1.15	0.01	0.9	Miller	1.15	0.01
Orkla	1.15	0.01	0.9	Orkla	1.15	0.01
Reckitt	1.15	0.01	0.9	Reckitt	1.15	0.01
Stout	1.15	0.01	0.9	Stout	1.15	0.01
Tennent	1.15	0.01	0.9	Tennent	1.15	0.01
Unicredit	1.15	0.01	0.9	Unicredit	1.15	0.01
Wolfsberg	1.15	0.01	0.9	Wolfsberg	1.15	0.01

Banks, Merchant

Stock	Price	Chg	%	Price	Chg	%
Barclays	1.15	0.01	0.9	Barclays	1.15	0.01
Bank of Scotland	1.15	0.01	0.9	Bank of Scotland	1.15	0.01
Bank of Ireland	1.15	0.01	0.9	Bank of Ireland	1.15	0.01
Bank of London	1.15	0.01	0.9	Bank of London	1.15	0.01
Bank of Montreal	1.15	0.01	0.9	Bank of Montreal	1.15	0.01
Bank of New York	1.15	0.01	0.9	Bank of New York	1.15	0.01
Bank of Paris	1.15	0.01	0.9	Bank of Paris	1.15	0.01
Bank of Spain	1.15	0.01	0.9	Bank of Spain	1.15	0.01
Bank of Tokyo	1.15	0.01	0.9	Bank of Tokyo	1.15	0.01
Bank of West	1.15	0.01	0.9	Bank of West	1.15	0.01
Bank of Zurich	1.15	0.01	0.9	Bank of Zurich	1.15	0.01
Bank of the Americas	1.15	0.01	0.9	Bank of the Americas	1.15	0.01
Bank of the East	1.15	0.01	0.9	Bank of the East	1.15	0.01
Bank of the Middle East	1.15	0.01	0.9	Bank of the Middle East	1.15	0.01
Bank of the South	1.15	0.01	0.9	Bank of the South	1.15	0.01
Bank of the West	1.15	0.01	0.9	Bank of the West	1.15	0.01
Bank of the World	1.15	0.01	0.9	Bank of the World	1.15	0.01
Bank of the Americas	1.15	0.01	0.9	Bank of the Americas	1.15	0.01
Bank of the East	1.15	0.01	0.9	Bank of the East	1.15	0.01
Bank of the Middle East	1.15	0.01	0.9	Bank of the Middle East	1.15	0.01
Bank of the South	1.15	0.01	0.9	Bank of the South	1.15	0.01
Bank of the West	1.15	0.01	0.9	Bank of the West	1.15	0.01
Bank of the World	1.15	0.01	0.9	Bank of the World	1.15	0.01

Banks, Retail

Stock	Price	Chg	%	Price	Chg	%
Bank of America	1.15	0.01	0.9	Bank of America	1.15	0.01
Bank of Canada	1.15	0.01	0.9	Bank of Canada	1.15	0.01
Bank of China	1.15	0.01	0.9	Bank of China	1.15	0.01
Bank of France	1.15	0.01	0.9	Bank of France	1.15	0.01
Bank of Germany	1.15	0.01	0.9	Bank of Germany	1.15	0.01
Bank of Italy	1.15	0.01	0.9	Bank of Italy	1.15	0.01
Bank of Japan	1.15	0.01	0.9	Bank of Japan	1.15	0.01
Bank of Korea	1.15	0.01	0.9	Bank of Korea	1.15	0.01
Bank of Mexico	1.15	0.01	0.9	Bank of Mexico	1.15	0.01
Bank of Netherlands	1.15	0.01	0.9	Bank of Netherlands	1.15	0.01
Bank of Norway	1.15	0.01	0.9	Bank of Norway	1.15	0.01
Bank of Portugal	1.15	0.01	0.9	Bank of Portugal	1.15	0.01
Bank of Russia	1.15	0.01	0.9	Bank of Russia	1.15	0.01
Bank of Sweden	1.15	0.01	0.9	Bank of Sweden	1.15	0.01
Bank of Switzerland	1.15	0.01	0.9	Bank of Switzerland	1.15	0.01
Bank of Taiwan	1.15	0.01	0.9	Bank of Taiwan	1.15	0.01
Bank of Thailand	1.15	0.01	0.9	Bank of Thailand	1.15	0.01
Bank of the Philippines	1.15	0.01	0.9	Bank of the Philippines	1.15	0.01
Bank of the Republic of China	1.15	0.01	0.9	Bank of the Republic of China	1.15	0.01
Bank of the United Kingdom	1.15	0.01	0.9	Bank of the United Kingdom	1.15	0.01
Bank of the United States	1.15	0.01	0.9	Bank of the United States	1.15	0.01
Bank of the World	1.15	0.01	0.9	Bank of the World	1.15	0.01
Bank of the Americas	1.15	0.01	0.9	Bank of the Americas	1.15	0.01
Bank of the East	1.15	0.01	0.9	Bank of the East	1.15	0.01
Bank of the Middle East	1.15	0.01	0.9	Bank of the Middle East	1.15	0.01
Bank of the South	1.15	0.01	0.9	Bank of the South	1.15	0.01
Bank of the West	1.15	0.01	0.9	Bank of the West	1.15	0.01
Bank of the World	1.15	0.01	0.9	Bank of the World	1.15	0.01

Breweries, Pubs & Rest

Stock	Price	Chg	%	Price	Chg	%
Adn Corp	1.15	0.01	0.9	Adn Corp	1.15	0.01
Brewery	1.15	0.01	0.9	Brewery	1.15	0.01
Carlsberg	1.15	0.01	0.9	Carlsberg	1.15	0.01
Heineken	1.15	0.01	0.9	Heineken	1.15	0.01
Interbrew	1.15	0.01	0.9	Interbrew	1.15	0.01
Kaiser	1.15	0.01	0.9	Kaiser	1.15	0.01
Miller	1.15	0.01	0.9	Miller	1.15	0.01
Orkla	1.15	0.01	0.9	Orkla	1.15	0.01
Reckitt	1.15	0.01	0.9	Reckitt	1.15	0.01
Stout	1.15	0.01	0.9	Stout	1.15	0.01
Tennent	1.15	0.01	0.9	Tennent	1.15	0.01
Unicredit	1.15	0.01	0.9	Unicredit	1.15	0.01
Wolfsberg	1.15	0.01	0.9	Wolfsberg	1.15	0.01

Building/Construction

Stock	Price	Chg	%	Price	Chg	%
Adn Corp	1.15	0.01	0.9	Adn Corp	1.15	0.01
Brewery	1.15	0.01	0.9	Brewery	1.15	0.01
Carlsberg	1.15	0.01	0.9	Carlsberg	1.15	0.01
Heineken	1.15	0.01	0.9	Heineken	1.15	0.01
Interbrew	1.15	0.01	0.9	Interbrew	1.15	0.01
Kaiser	1.15	0.01	0.9	Kaiser	1.15	0.01
Miller	1.15	0.01	0.9	Miller	1.15	0.01
Orkla	1.15	0.01	0.9	Orkla	1.15	0.01
Reckitt	1.15	0.01	0.9	Reckitt	1.15	0.01
Stout	1.15	0.01	0.9	Stout	1.15	0.01
Tennent	1.15	0.01	0.9	Tennent	1.15	0.01
Unicredit	1.15	0.01	0.9	Unicredit	1.15	0.01
Wolfsberg	1.15	0.01	0.9	Wolfsberg	1.15	0.01

Chemicals

Stock	Price	Chg	%	Price	Chg	%
Adn Corp	1.15	0.01	0.9	Adn Corp	1.15	0.01
Brewery	1.15	0.01	0.9	Brewery	1.15	0.01
Carlsberg	1.15	0.01	0.9	Carlsberg	1.15	0.01
Heineken	1.15	0.01	0.9	Heineken	1.15	0.01
Interbrew	1.15	0.01	0.9	Interbrew	1.15	0.01
Kaiser	1.15	0.01	0.9	Kaiser	1.15	0.01
Miller	1.15	0.01	0.9	Miller	1.15	0.01
Orkla	1.15	0.01	0.9	Orkla	1.15	0.01
Reckitt	1.15	0.01	0.9	Reckitt	1.15	0.01
Stout	1.15	0.01	0.9	Stout	1.15	0.01
Tennent	1.15	0.01	0.9	Tennent	1.15	0.01
Unicredit	1.15	0.01	0.9	Unicredit	1.15	0.01
Wolfsberg	1.15	0.01	0.9	Wolfsberg	1.15	0.01

Stock	Price	Chg	%	Price	Chg	%
Adn Corp	1.15	0.01	0.9	Adn Corp	1.15	0.01
Brewery	1.15	0.01	0.9	Brewery	1.15	0.01
Carlsberg	1.15	0.01	0.9	Carlsberg	1.15	0.01
Heineken	1.15	0.01	0.9	Heineken	1.15	0.01
Interbrew	1.15	0.01	0.9	Interbrew	1.15	0.01
King	1.15	0.01	0.9	King	1.15	0.01
Labatt	1.15	0.01	0.9	Labatt	1.15	0.01
Miller	1.15	0.01	0.9	Miller	1.15	0.01
Orkla	1.15	0.01	0.9	Orkla	1.15	0.01
Reckitt	1.15	0.01	0.9	Reckitt	1.15	0.01
Stell	1.15	0.01	0.9	Stell	1.15	0.01
Unilever	1.15	0.01	0.9	Unilever	1.15	0.01
Wm	1.15	0.01	0.9	Wm	1.15	0.01
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Sheikh speaks out on Cecil

Sheikh Mohammed, and the Makin family as a whole, handle their trainers like some people treat their training shoes. They will only get rid of them as a last resort.

The simple logic applied is that the ruler of the emirate of Dubai is happy to grant loyalty as long as it also comes to them on the other side of the carriage. Last year, though, Sheikh Mohammed felt Henry Cecil's steering had become too erratic and, on the night of the long line of horseboxes in Newmarket, he removed all his horses from the middle of a mound of cushions in his tent at the Al Jazirah stables, he explained why.

The simple incident that provoked the split came just before the Royal Lodge Stakes at Ascot last year. Cecil said he wanted to run the promising colt Mark Of Esteem but could not gain Sheikh Mohammed's permission. The owner replied that

Richard Edmondson reports from Dubai on the latest twist to the public split between a top owner and leading trainer

the horse was injured and should never have been a consideration for the race. "I can cope with most things but I can't cope with somebody letting the whole world know that I'm stopping a horse from running in a big race and yet the horse is lame," the Sheikh said yesterday. "I can't take that. When that trust goes everything goes."

The discord between the two men had been in place for some time, however. While for some the racehorse is a rich man's trophy, for Sheikh Mohammed, who is just about the wealthiest of the lot, the sport is about participation. He likes to put in his 10 dirhams worth, and his thoughts were not always in line with Cecil's.

"The problem is that I am a horseman, not just an owner," he said. "Therefore I want to

know. I want to get involved. I want to interfere. The pleasure is being part of my horses, not just turning up in a smart suit and watching them at the racecourse.

"Before I went to Henry Cecil he was champion trainer, a great trainer, and he was when I was with him and I'm sure he will be in the future. But Henry was his own way. I kept tacking him and a friendly fight was always there."

"He would not come my way and I would not go his. So I knew neither of us would enjoy it. So I decided it would be better to cut it clean. It was for my sake and his sake. I have nothing personal against Henry Cecil. If everything changed, and he understood the way I think, there is nothing stopping me going back with him."

Mark Of Esteem is still bothered intermittently by an arthritic spur on one of his knees, but he has thrived in Arabia this winter. "We are very happy with this horse and I think that he is good," the Sheikh said on an inspection of his Godolphin-owned three-year-old.

This plain statement was enough to prompt Mike Dillon, representing the bookmakers' 1-2-3-4-5-6-7-8-9-10-11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1044-1045-1046-1047-1048-1049-1050-1051-1052-1053-1054-1055-1056-1057-1058-1059-1060-1061-1062-1063-1064-1065-1066-1067-1068-1069-1070-1071-1072-1073-1074-1075-1076-1077-1078-1079-1080-1081-1082-1083-1084-1085-1086-1087-1088-1089-1090-1091-1092-1093-1094-1095-1096-1097-1098-1099-1100-1101-1102-1103-1104-1105-1106-1107-1108-1109-1110-1111-1112-1113-1114-1115-1116-1117-1118-1119-1120-1121-1122-1123-1124-1125-1126-1127-1128-1129-1130-1131-1132-1133-1134-1135-1136-1137-1138-1139-1140-1141-1142-1143-1144-1145-1146-1147-1148-1149-1150-1151-1152-1153-1154-1155-1156-1157-1158-1159-1160-1161-1162-1163-1164-1165-1166-1167-1168-1169-1170-1171-1172-1173-1174-1175-1176-1177-1178-1179-1180-1181-1182-1183-1184-1185-1186-1187-1188-1189-1190-1191-1192-1193-1194-1195-1196-1197-1198-1199-1200-1201-1202-1203-1204-1205-1206-1207-1208-1209-1210-1211-1212-1213-1214-1215-1216-1217-1218-1219-1220-1221-1222-1223-1224-1225-1226-1227-1228-1229-1230-1231-1232-1233-1234-1235-1236-1237-1238-1239-1240-1241-1242-1243-1244-1245-1246-1247-1248-1249-1250-1251-1252-1253-1254-1255-1256-1257-1258-1259-1260-1261-1262-1263-1264-1265-1266-1267-1268-1269-1270-1271-1272-1273-1274-1275-1276-1277-1278-1279-1280-1281-1282-1283-1284-1285-1286-1287-1288-1289-1290-1291-1292-1293-1294-1295-1296-1297-1298-1299-1300-1301-1302-1303-1304-1305-1306-1307-1308-1309-1310-1311-1312-1313-1314-1315-1316-1317-1318-1319-1320-1321-1322-1323-1324-1325-1326-1327-1328-1329-1330-1331-1332-1333-1334-1335-1336-1337-1338-1339-1340-1341-1342-1343-1344-1345-1346-1347-1348-1349-1350-1351-1352-1353-1354-1355-1356-1357-1358-1359-1360-1361-1362-1363-1364-1365-1366-1367-1368-1369-1370-1371-1372-1373-1374-1375-1376-1377-1378-1379-1380-1381-1382-1383-1384-1385-1386-1387-1388-1389-1390-1391-1392-1393-1394-1395-1396-1397-1398-1399-1400-1401-1402-1403-1404-1405-1406-1407-1408-1409-1410-1411-1412-1413-1414-1415-1416-1417-1418-1419-1420-1421-1422-1423-1424-1425-1426-1427-1428-1429-1430-1431-1432-1433-1434-1435-1436-1437-1438-1439-1440-1441-1442-1443-1444-1445-1446-1447-1448-1449-1450-1451-1452-1453-1454-1455-1456-1457-1458-1459-1460-1461-1462-1463-1464-1465-1466-1467-1468-1469-1470-1471-1472-1473-1474-1475-1476-1477-1478-1479-1480-1481-1482-1483-1484-1485-1486-1487-1488-1489-1490-1491-1492-1493-1494-1495-1496-1497-1498-1499-1500-1501-1502-1503-1504-1505-1506-1507-1508-1509-1510-1511-1512-1513-1514-1515-1516-1517-1518-1519-1520-1521-1522-1523-1524-1525-1526-1527-1528-1529-1530-1531-1532-1533-1534-1535-1536-1537-1538-1539-1540-1541-1542-1543-1544-1545-1546-1547-1548-1549-1550-1551-1552-1553-1554-1555-1556-1557-1558-1559-1560-1561-1562-1563-1564-1565-1566-1567-1568-1569-1570-1571-1572-1573-1574-1575-1576-1577-1578-1579-1580-1581-1582-1583-1584-1585-1586-1587-1588-1589-1590-1591-1592-1593-1594-1595-1596-1597-1598-1599-1600-1601-1602-1603-1604-1605-1606-1607-1608-1609-1610-1611-1612-1613-1614-1615-1616-1617-1618-1619-1620-1621-1622-1623-1624-1625-1626-1627-1628-1629-1630-1631-1632-1633-1634-1635-1636-1637-1638-1639-1640-1641-1642-1643-1644-1645-1646-1647-1648-1649-1650-1651-1652-1653-1654-1655-1656-1657-1658-1659-1660-1661-1662-1663-1664-1665-1666-1667-1668-1669-1670-1671-1672-1673-1674-1675-1676-1677-1678-1679-1680-1681-1682-1683-1684-1685-1686-1687-1688-1689-1690-1691-1692-1693-1694-1695-1696-1697-1698-1699-1700-1701-1702-1703-1704-1705-1706-1707-1708-1709-1710-1711-1712-1713-1714-1715-1716-1717-1718-1719-1720-1721-1722-1723-1724-1725-1726-1727-1728-1729-1730-1731-1732-1733-1734-1735-1736-1737-1738-1739-1740-1741-1742-1743-1744-1745-1746-1747-1748-1749-1750-1751-1752-1753-1754-1755-1756-1757-1758-1759-1760-1761-1762-1763-1764-1765-1766-1767-1768-1769-1770-1771-1772-1773-1774-1775-1776-1777-1778-1779-1780-1781-1782-1783-1784-1785-1786-1787-1788-1789-1790-1791-1792-1793-1794-1795-1796-1797-1798-1799-1800-1801-1802-1803-1804-1805-1806-1807-1808-1809-1810-1811-1812-1813-1814-1815-1816-1817-1818-1819-1820-1821-1822-1823-1824-1825-1826-1827-1828-1829-1830-1831-1832-1833-1834-1835-1836-1837-1838-1839-1840-1841-1842-1843-1844-1845-1846-1847-1848-1849-1850-1851-1852-1853-1854-1855-1856-1857-1858-1859-1860-1861-1862-1863-1864-1865-1866-1867-1868-1869-1870-1871-1872-1873-1874-1875-1876-1877-1878-1879-1880-1881-1882-1883-1884-1885-1886-1887-1888-1889-1890-1891-1892-1893-1894-1895-1896-1897-1898-1899-1900-1901-1902-1903-1904-1905-1906-1907-1908-1909-1910-1911-1912-1913-1914-1915-1916-1917-1918-1919-1920-1921-1922-1923-1924-1925-1926-1927-1928-1929-1930-1931-1932-1933-1934-1935-1936-1937-1938-1939-1940-1941-1942-1943-1944-1945-1946-1947-1948-1949-1950-1951-1952-1953-1954-1955-1956-1957-1958-1959-1960-1961-1962-1963-1964-1965-1966-1967-1968-1969-1970-1971-1972-1973-1974-1975-1976-1977-1978-1979-1980-1981-1982-1983-1984-1985-1986-1987-1988-1989-1990-1991-1992-1993-1994-1995-1996-1997-1998-1999-2000-2001-2002-2003-2004-2005-2006-2007-2008-2009-2010-2011-2012-2013-2014-2015-2016-2017-2018-2019-2020-2021-2022-2023-2024-2025-2026-2027-2028-2029-2030-2031-2032-2033-2034-2035-2036-2037-2038-2039-2040-2041-2042-2043-2044-2045-2046-2047-2048-2049-2050-2051-2052-2053-2054-2055-2056-2057-2058-2059-2060-2061-2062-2063-2064-2065-2066-2067-2068-2069-2070-2071-2072-2073-2074-2075-2076-2077-2078-2079-2080-2081-2082-2083-2084-2085-2086-2087-2088-2089-2090-2091-2092-2093-2094-2095-2096-2097-2098-2099-2100-2101-2102-2103-2104-2105-2106-2107-2108-2109-2110-2111-2112-2113-2114-2115-2116-2117-2118-2119-2120-2121-2122-2123-2124-2125-2126-2127-2128-2129-2130-2131-2132-2133-2134-2135-2136-2137-2138-2139-2140-2141-2142-2143-2144-2145-2146-2147-2148-2149-2150-2151-2152-2153-2154-2155-2156-2157-2158-2159-2160-2161-2162-2163-2164-2165-2166-2167-2168-2169-2170-2171-2172-2173-2174-2175-2176-2177-2178-2179-2180-2181-2182-2183-2184-2185-2186-2187-2188-2189-2190-2191-2192-2193-2194-2195-2196-2197-2198-2199-2200-2201-2202-2203-2204-2205-2206-2207-2208-2209-2210-2211-2212-2213-2214-2215-2216-2217-2218-2219-2220-2221-2222-2223-2224-2225-2226-2227-2228-2229-2230-2231-2232-2233-2234-2235-2236-2237-2238-2239-2240-2241-2242-2243-2244-2245-2246-2247-2248-2249-2250-2251-2252-2253-2254-2255-2256-2257-2258-2259-2260-2261-2262-2263-2264-2265-2266-2267-2268-2269-2270-2271-2272-2273-2274-2275-2276-2277-2278-2279-2280-2281-2282-2283-2284-2285-2286-2287-2288-2289-2290-2291-2292-2293-2294-2295-2296-2297-2298-2299-2300-2301-2302-2303-2304-2305-2306-2307-2308-2309-2310-2311-2312-2313-2314-2315-2316-2317-2318-2319-2320-2321-2322-2323-2324-2325-2326-2327-2328-2329-2330-2331-2332-2333-2334-2335-2336-2337-2338-2339-2340-2341-2342-2343-2344-2345-2346-2347-2348-2349-2350-2351-2352-2353-2354-2355-2356-2357-2358-2359-2360-2361-2362-2363-2364-2365-2366-2367-2368-2369-2370-2371-2372-2373-2374-2375-2376-2377-2378-2379-2380-2381-2382-2383-2384-2385-2386-2387-2388-2389-2390-2391-2392-2393-2394-2395-2396-2397-2398-2399-2400-2401-2402-2403-2404-2405-2406-2407-2408-2409-2410-2411-2412-2413-2414-2415-2416-2417-2418-2419-2420-2421-2422-2423-2424-2425-2426-2427-2428-2429-2430-2431-2432-2433-2434-2435-2436-2437-2438-2439-2440-2441-2442-2443-2444-2445-2446-2447-2448-2449-2450-2451-2452-2453-2454-2455-2456-2457-2458-2459-2460-2461-2462-2463-2464-2465-2466-2467-2468

SPORT

CRICKET IN CRISIS: PART TWO

Why the counties should not be running the game 22

Modahl claims 'historic' victory

Athletics

MIKE ROWBOTTOM

The decision announced yesterday by the International Amateur Athletic Federation that the doping case against Diane Modahl was being dropped was described by the athlete's husband and coach, Vicente, as being of vital importance to all other athletes.

"I think this is one of the most significant days in athletics history for the last 20 years," Vicente said, "because it's the day when athletes all over the world will have a safe future with the dope testing system. It will be tightened up in a major way after this."

Modahl had fought doping

charges for 18 months after being sent home from the 1994 Commonwealth Games when it was announced that she had tested positive for a huge testosterone level after a minor meeting in Lisbon in June of that year.

She was banned for four years by a British Athletic Federation panel in December 1994, but the BAF reversed the decision on appeal last September and the IAAF, accepting that poor storage and procedure by the Lisbon testing laboratory cast serious doubt on the findings, has belatedly endorsed that finding.

The Modahls learned of yesterday's decision at their Albuquerqure training base through

a phone call from Istvan Gyulai, the IAAF general secretary. "He said he wanted to be the first to tell us that Diane was free," Vicente said. "It is a fantastic achievement. We produced convincing evidence in a new area which convinced both national and international authorities. I think we have done something incredible."

Diane, who was at Vicente's side when the call came through at just after 10 in the morning local time, was initially confused about the outcome. "Vicente pointed towards me, and I thought: 'Oh God. It's something terrible.' But then he shouted out: 'Yes, yes! We won! For a few seconds it was great. It is a tremendous relief."

"We had both expected the decision on Sunday from the IAAF so it meant two sleepless nights for us," she added. "The waiting was traumatic. It was terrible. Vicente sat up in the living room all night last night. I was waking up from time to time and asking: 'Is that the phone? Is that the phone?'"

Modahl planned to celebrate the decision with a run in the park which adjoins their apartment block. "It will be a very exhilarating run for me," she said.

For Vicente, who has been a firm source of strength for her throughout her campaign, the run also promised much. "I think even I have a chance of Seb Coe's 800 metres record today," he said.

Modahl's testosterone to epitestosterone level was said by the Lisbon laboratory to be way over the legal limit of 6:1 at 42:1. The ratio involved when Ben Johnson was banned for life in 1992 was 10:1.

Despite a prolonged initial rejection of the decision, the IAAF has now given Modahl unequivocal clearance to prepare for the Olympic Games, and she is committed to running in the British trials.

The IAAF had taken into account independent scientific evidence provided on Modahl's behalf showing that testosterone could be created within the body without the use of steroid samples which were not stored at a correct temperature in a refrigerator.

When the standard second test was performed on Modahl's sample, it was acknowledged by the IAAF that it had suffered degradation as a result of the laboratory's contents having to be shifted temporarily from the building.

The IAAF argued that this degradation was not significant, but subsequent analysis by Professor Simon Gaskell of the University of Manchester Institute of Science and Technology, using samples provided by Modahl, has confirmed that overheated storage conditions can create dramatic increases in testosterone.

A statement read by Istvan Gyulai, the IAAF secretary, said: "It was found that the Lis-

bon laboratory had not conducted the additional analysis necessary for clarifying the doubts which were raised at the BAF hearing and that the analytical data were not satisfactory."

Gyulai revealed that Portuguese authorities refused permission for further analysis of the remainder of Modahl's sample.

"While the IAAF council believed that further analysis of the sample could have provided a final resolution of this matter, it was not possible to pursue this course and therefore a serious element of doubt existed," the statement added.

Despite the fact that Modahl is suing the BAF to recover the estimated £500,000 she has



Modahl: immediate clearance

spent on her case, the BAF spokesman, Tony Ward, welcomed the 1990 Commonwealth Games 800m champion back as an Olympic contender.

"Apart from the impact made by Kelly Holmes, the 800m has not really moved on in the last couple of years and there is clearly an opening," Ward said.

Venables vouches for Fowler's flair

Football

GLENN MOORE

Robbie Fowler, timing his arrival like a late run into the penalty box, may tomorrow get the chance to claim a place in Terry Venables' Euro 96 line-up.

The prospect of the Liverpool striker making a much-anticipated international debut shortened yesterday when Alan Shearer missed England's training session with a groin injury.

With Les Ferdinand struggling for form, and Teddy Sheringham nursing a calf-muscle injury, Fowler could be centre-forward against Bulgaria at Wembley.

Shearer's injury is one way for Venables to try another striker without appearing to drop his favoured forward, who is without an international goal for 10 starts and 18 months. If Fowler plays, he would become Venables' 21st debutant in 16 starts.

"I would have no worries about playing him," Venables said. "When he came on in the B international against Ireland he looked like an old-timer; no nerves, just thinking about scoring goals. He has looked very good in training."

Fowler, 20, is equally upbeat. "I have always been a confident lad and I feel I can score goals for England," he said.

Fowler made his Liverpool

debut in a Coca-Cola Cup tie at Fulham in September 1993. He marked it with a goal but really announced himself in the second leg when he scored five.

Within a year he was attending an England squad session but Venables has waited for his maturity off the pitch to match his coolness on it. "He has grown as a player and a young man. That has helped in his game," Venables said.

"I am still a young lad and I am going to do stupid things but this season I think I have grown up a lot more," Fowler said. "When I was first in the line-up I was in awe but I am handling it quite well now."

Fowler scored 34 goals for Liverpool last season but was displaced by Stan Collymore at the start of this campaign. "I was obviously disappointed. I had been top scorer last season and I did not expect it. I do not know why I was on the bench, they did not tell me, and I did not ask."

"When I did get in [after Collymore was injured in the second match] I was more determined, so it probably made me a better player. It has been different playing with Stan to Ian Rush. No disrespect to Stan, but I am working harder now. Rushie has always been the first line of defence for Liverpool and now I am getting used to that role. When I first got in the side I must have been a pain to play with because I was not doing any work whatsoever."

"I have learned a lot from Rushie. Even now he is not in the team he helps me. He is man enough not to be jealous of me being in his place."

Fowler has a dispassionate attitude to goal-scoring. He has

hit 79 for Liverpool but keeps no records or videos, has no favourite, nor practices his celebration. Not that he does not enjoy it. "I just go mad when I score," he said.

Venables' other main selection problem concerns David Platt. The captain has not been available since the Umbro Cup, during which time the likes of Jamie Redknapp and Rob Lee have laid claim to his place while Paul Ince has been recalled. "I am back on top of my game and will be disappointed if I am not picked," Platt admitted.

Along with Shearer and Sheringham, Steve Stone and Rob Jones also missed training. An X-ray on Stone's foot injury revealed only bruising while Jones has a back problem.

Those who did train spent much time working on defensive permutations but the attention, as ever, was drawn to Fowler as he repeated the audacious chip he attempted at Nottingham on Saturday, and again hit the crossbar.

Looking on approvingly was another Merseyside goalscorer, Dixie Dean. Poster-sized replicas of Dean and four other deceased footballers (Bobby Moore, Billy Wright, Danny Blanchflower and Duncan Edwards) formed a backdrop to training to commemorate a new Royal Mail stamp issue. Dean scored 18 goals in 16 England appearances. If Fowler, an Evertonian by birth, manages half as good a ratio he will be set for a long international career.



Fowler to the fore: The Liverpool striker demonstrates his shooting ability to adoring England team-mates yesterday. Photograph: David Ashdown

Fans snub Wembley evening

England are at home - and the pubs are full. Despite an advertising campaign aimed at enticing fans away from the bar and into the ground, the twin towers will be looming over 50,000 empty seats tomorrow night, writes Glenn Moore.

Wembley expect 25,000 fans to watch England play Bulgaria, the Football Association hope for 5,000 more. This figure, regularly exceeded by half the Premiership, is unlikely to be reached, making tomorrow's friendly the fifth sub-30,000 crowd in six England games.

That only Brazil have broken the barrier underlines the fact that most fans are no longer interested in watching England at Wembley.

Even Bulgaria, World Cup semi-finalists and boasting the likes of Hristo Stoichkov, cannot overcome the perceived

triple whammy of high prices, poor location and ancient facilities.

Having locked themselves into a restrictive contract the FA can do little about the latter two factors, but they can move on price. Tomorrow night tickets are on sale for £13-£45. One dreads to think what the view is like for £13. As for the higher prices: two together? Most fans cannot even afford one between two.

There is a school of thought within the FA which argues that radical pricing changes are required. "A kid a quid", as some Endsleigh League clubs have done, or £10 every seat. Unfortunately this view does not hold sway on the Match and Grounds committee, whose view is that price cuts would set a damaging precedent and fans will expect to watch the likes of

Italy in the World Cup on the cheap.

This is ludicrous. A one-off tenuous-a-ticket offer could act as a loss-leader (not that anyone would lose money), restoring the habit of going to see England and creating a vibrant atmosphere. It would also compensate those who cannot afford the high Euro 96 prices.

The FA are constantly banging on about acting for the good of the game. In an age of exponentially rising seat prices this is their chance to set an example.

"We would like a full house but we all know we are not going to get it," Terry Venables said yesterday. "All I can do is get the best possible opposition and put together the best possible squad. I cannot do anything more than that." His bosses can, and should.

Surrey seeking support

Cricket

DAI LLEWELLYN

Surrey are still trying to rust Ray Illingworth from his post as the chairman of the England selectors, and last night were in the process of soliciting support from the other first-class counties with a view to making their feelings known when the Test and County Cricket Board executive committee meets at Lord's today.

And while most of Illingworth's critics remain resigned to his resignation, following David Graveney's withdrawal from the election on Friday, an indication of the strength of the opposition is their belief that had the vote gone ahead Graveney would have scraped in by a majority of one. A straw poll by one of the counties found Graveney winning 10-9, with one of the 20 voters (the 16 first-class counties plus one each from MCC and Minor Counties) abstaining.

Surrey yesterday canvassed the 17 other counties as they attempted to gauge the level of unhappiness. Mike Soper, the

Surrey chairman, said: "I am not happy with the situation as it now stands. I think something has to be done now by the TCCB. My main concern is that we now have to endure another six months."

"And if we are going to find at the end of the year - since Illingworth has said he will not tour again - that we are going to change, then whoever comes in is going to do so cold, facing a tour to Zimbabwe and New Zealand."

Soper feels that with India and Pakistan touring England this summer a new man should be appointed at the latest to take charge for the Pakistan series. "Then at least he would be given a chance to experiment with a new squad, or a new idea. I care about English cricket, and if we don't do anything we are just going to lurch to another problem. I don't want England to do badly this summer, but we all know that everybody in the world is getting better and we are not."

By his own admission Illingworth said, "I'm in charge. This is where the buck stops." We lost six out of seven one-dayers and

the Test series to South Africa and we were humiliated in the World Cup. What else are we supposed to do? This is not going to go away. With a bit of luck we may be able to force the TCCB's hand sometime this season."

John Barclay, the former Sussex captain who was England's assistant manager on their winter tour, is gaining support as an alternative to Illingworth, but there is also growing anger that Graveney was forced to withdraw at all.

The Professional Cricketers' Association, who employ him as chief executive, felt that there would be a conflict of interests, but left things very late before telling him. Dennis Amis, the Warwickshire chief executive, said: "We had no indication that they were going to stop Graveney from standing. If the PCA didn't want David Graveney to stand why did they leave it until the last minute? That at least would have given the counties who wanted change now, rather than later, the opportunity of proposing someone else."

THE INDEPENDENT CROSSWORD in association with

CHARLES WELLS BOMBARDIER

No. 2944, Tuesday 26 March By Aelred Monday's Solution

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28

ACROSS

1 Communists seized power after one returned from rest? (6)

5 Motoring organisation on road see refuge for animal (8)

9 Black group gets money, good for high-living? (3-7)

10 Suppresses jokes (4)

11 Film should be not open to the public? (2-6)

12 It's to be made up into shelter on street? (6)

13 Equipment's hack to front in burlesque (4)

15 Tire when struggling to limit champion's unavoidable choice (6-2)

18 Modest changes by one conservative in the home (8)

19 Interview Germany's top tennis player (4)

21 Woman's absent having left one lad (6)

23 Bread delivery? (4-4)

25 Notion which falls short of being perfect? (4)

26 Hatful high crest includes popular article by the French (10)

27 Colour of hero secures consent (3-5)

28 Order about, in power of dictator? (6)

DOWN

2 Smarten up, about to be taken into US prison? (5)

3 Remove underworld status of person (9)

4 Swine has its foot trimmed at the top (6)

5 Perhaps no actor could portray Popeye? (8-7)

6 Note, after a pistol is raised, one'll have to exercise control (8)

7 Volume attracts complaint that's not specific (5)

8 Manipulate graduate's part in performance (9)

14 Information of King's present resting place (9)

16 Could be a sifter for prof to achieve? (4-5)

17 Wise man retains tenor of a bygone period (5-3)

20 In political pact a Liberal prevaricated? (6)

22 Make criticism about new common mode of speech (5)

24 Call out for flowering tree (5)

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Published by Newspaper Publishing PLC 1 Canada Square, Canary Wharf, London E14 3DL, and printed at Mirror Colour Print, 35 Abchurch Lane, London EC4N 3DF. Back issues available from Historic Newspapers, 0800 906609. Tuesday 26 March 1996 Registered as a newspaper with the Post Office

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